

The following is not intended to be tax advice and should not be interpreted as such. The Coalition for Smarter Transportation does not provide tax advice. We strongly advise entities to contact their tax attorney's before making decisions. This document is intended to be a guide in helping organizations gain a better understanding of the nuances of the bicycle benefit.

The following only applies to for-profit organizations. A separate write-up will be developed for tax-exempt organizations.



Determining whether an expense falls under the definition of a bicycle benefit defined by section 132(f) of the tax code

Following the recently passed tax reform legislation, the bicycle benefit has been eliminated from the list of eligible transportation fringe benefits until 2026. However, employers who continue to subsidize their employee's bicycle commutation may continue to deduct those expenses from their corporate tax liabilities. (This differs from other commute related expenses such as transit and parking – which may not be deducted.)

Under the new tax law, employers may write off commute related bicycle expenses, but their employees must claim the benefit as wages and be taxed accordingly.

NOTE: Not all bicycle related programs are commuter benefit programs and as such may be subject to different laws that allow the employer to write them off and the employee to receive without tax consequences. In some cases, bike programs [may be considered de-minimus](#)

Questions to ask to determine tax implications:

Q1 - Is this bicycle expense tied to employee's commute?

If YES – That the expense may be deducted under section 132(f) if such bicycle is regularly used for travel between the employee's residence and place of employment and if it is eligible ([continue to next question](#))

If No – [Click Here](#)

Q2 - Is the expense eligible under section 132(f)?

What is eligible? – [Click here if the answer to question #1 is yes and the expense is listed below](#)

- purchase of a bicycle
- bicycle improvements
- repair
- storage

What is not eligible – [Click here if the answer to question #1 is yes and the expense is listed below](#)

- Bikeshare membership for commuting
- Cash incentive

Solution – Employer may write off the expense, however the employee must claim the expense and pay taxes on it as if it were a wage

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Solution – The expense is not eligible under section 132(f) and as such the employer must pay corporate taxes and because it is not an eligible expense under 132(f), the employee must claim the benefit for tax purposes

Q3 - The expense is not solely for commuting it is:

- **Capital improvement to our facility including bike racks, showers, security features or other capital improvements**

Capital improvements to buildings and facilities are not generally viewed as fringe benefits. If the capital improvement is general in nature and not specifically geared for (or advertised as) accommodating daily commuters, the expense could be considered a capital expense and neither the employer nor the employee is subject to tax liabilities.

- **Bicycles or other capital expenses that are used for general purposes – employees may occasionally take them home**

Changes in tax law make this issue a bit murky. If the vehicles (bikes) are used by employees in the general course of business (to get between meetings or a campus) then the changes to the transportation fringe benefit in tax law would not apply. However, if employees are able to take the bikes home, the decision on whether this qualifies as a fringe benefit is determined on whether it is [considered a de-minimus benefit or not](#) and is determined by how often an employee may take home the vehicle.

- **Mobile bike repair**

Mobile bike repairs that are not explicitly tied to employee commute programs could be considered a [de-minimus fringe benefit](#) provided that it is an occasional event and accounting for such benefit on an individual level would be difficult.

- **Gift cards or other gifts for employees who commute**

Gifts or awards for employees are not considered transportation fringes and instead fall under gift rules. Generally, occasional gifts with limited value are considered de-minimus. However, if a gift or prize is cash or a cash equivalent, then parties must claim it as wages. Example: ACME corp. gives away a bike chain. This would be considered de-minimus. However, if ACME corp. gave a gift card to be used to purchase a bike chain, then the value of that gift card may have to be claimed/considered as a wage.