

# Qualified Transportation Fringe Benefits (QTFB) FAQs

## Overview of the QTFB Program

### What is the Qualified Transportation Fringe Benefits (QTFB) program?

The QTFB program is regulated by the Internal Revenue Service (IRS), and allows State of Michigan employees to use pre-tax dollars to pay for eligible parking expenses and **MichiVan** (operated by Enterprise Rideshare) ridership fees.

Eligible parking expenses include those incurred in a non-State owned or leased parking lot/ramp. These are out-of-pocket expenses paid to the owner of the non-State owned parking facility. Employees that have a pre-tax payroll deduction to pay for their parking expense are typically parking in a State owned or leased lot/ramp. In these instances, an employee would already receive the pre-tax benefit through their payroll deduction, therefore that expense would not be eligible for reimbursement through the QTFB program; doing so would result in a double pre-tax benefit.

Eligible **MichiVan** (operated by Enterprise Rideshare) expenses include ridership and parking fees. Fuel costs for operating the **MichiVan** (operated by Enterprise Rideshare) are not reimbursable expenses under the program. Bus, subway, train, car pool and other vanpool ridership fees are also considered ineligible expenses.

### Why should I participate in the QTFB program?

Participation in the program allows employees to use pre-tax dollars, up to the IRS imposed maximum, to pay for eligible parking and rideshare expenses. The current maximum is \$325 per month (\$144.44 bi-weekly). This can result in significant tax savings for employees.

For example, let's assume an employee is in the 24% federal income tax bracket. They would save federal taxes of 24%, state taxes of 4.33%, Medicare taxes of 6.250% and social security taxes of 1.25%. This equals a total savings rate of 35.83%. If this employee pays \$1,200 annually in parking expenses, they would **save approximately \$430 annually** in taxes by using the QTFB account. That's a significant amount of savings!

### Can an employee have a pre-tax payroll deduction for a State owned or leased lot/ramp and enroll in QTFB?

It is infrequent, but there are situations where an employee could park in both a State owned or leased lot/ramp and enroll in the QTFB program. For example, an employee may pay for a State owned lot through payroll deduction, and they may also park at parking meters. In this case, the employee can enroll in the QTFB program to cover their parking meter expenses.

Note: If an employee also has a pre-tax parking bi-weekly payroll deduction for a State owned or leased lot/ramp, the amount of that deduction must be subtracted from the \$144.44 bi-weekly maximum. The combination of the two expense types cannot exceed the IRS deduction maximum.

### Can I still benefit from a QTFB account if I don't itemize deductions on my tax return?

Yes, you don't need to itemize deductions to take advantage of this benefit.

## **Can I also deduct the expenses on my tax return that I submitted for reimbursement under QTFB?**

No. You cannot claim a deduction on your tax return for expenses you received reimbursement for through a QTFB account. That would result in a double tax benefit, which is not allowed by the IRS.

## **What are eligible QTFB expenses?**

The following expenses are eligible:

- Parking costs incurred in a non-State owned or leased lot/ramp
- Metered parking
- **MichiVan** (operated by Enterprise Rideshare) ridership fees
- **MichiVan** (operated by Enterprise Rideshare) parking space fees

## **What are some examples of ineligible QTFB expenses?**

QTFB accounts cannot be used for:

- Pre-tax parking in a State owned or leased lot/ramp (typically payroll deducted)
- Parking tickets or fines
- Transportation and/or parking expenses incurred while not at work
- Transportation methods, such as bus, subway, or train
- Vanpool fuel costs
- Other vanpools (**non-MichiVan** (operated by Enterprise Rideshare))
- Costs that can be reimbursed through travel reimbursement
- Carpooling with a neighbor
- Transportation and/or parking expenses to attend leisure events
- Travel expenses incurred by your spouse and/or dependents
- Commuter and toll fees
- Mileage and gas expenses associated with going to and from work

## **Enrolling in QTFB**

### **How do I enroll in QTFB?**

By following any one of the methods below:

- **Phone:** MI HR Service Center 877-766-6447
  - Monday-Friday, 8:00 a.m.-5:00 p.m.
- **Online:** HR Self-Service
  - Log in
  - Select Benefits
  - Select Qualified Transportation
  - Select Enroll, Change or Stop

### **When does my QTFB enrollment take effect?**

You can enroll in the QTFB program at any time during the year. Enrollments must be future dated and will take effect the first day of the month in which you choose (up to 6 months in advance).

For example, an enrollment made during the month of May would take effect June 1, unless you select a later month to start the deduction.

### **How will the QTFB deduction appear on my pay warrant?**

The QTFB payroll deduction will appear on your earnings statement as QUALIFIED TRANSPORTATION FR BN.

## **Funding the QTFB Account through Payroll Deductions**

### **How is my QTFB account funded and how much money can I contribute on a pre-tax basis?**

Your QTFB account is funded through bi-weekly payroll deductions. The deductions are made on a pre-tax basis, meaning they are not taxed. Therefore, your taxable income is reduced by the amount of the contribution, which lessens the amount of taxes taken out of your paycheck each pay period.

Effective January 1, 2025 enrollees may contribute a maximum of \$325 per month (\$144.44 biweekly) to be used towards a combination of parking expenses and **MichiVan** (operated by Enterprise Rideshare) eligible expenses. This amount is subject to change based on IRS regulation.

Note: Pre-tax deductions reduce the amount of compensation that is considered for Social Security purposes. This means that your Social Security benefits could be decreased slightly because of the decreased amount of compensation

### **How should I calculate my bi-weekly deduction amount?**

It is your responsibility to calculate and determine your appropriate bi-weekly contribution based on your monthly parking or **MichiVan** (operated by Enterprise Rideshare) eligible expenses. In accordance with IRS rules, funds contributed in a subsequent month cannot be used to cover costs incurred in earlier months.

For example, if you submit a claim for April in the amount of \$40, and you have only contributed \$30 to your account by the end of April, you will only receive a partial reimbursement of \$30. In that situation you may want to increase your bi-weekly deduction to accommodate your typical monthly incurred costs, as funds contributed in May cannot be used to make up the shortfall in April. It's important you contribute the full amount of your needed parking costs for each month during the two pay periods\* that occur each month.

*There are 26 pay periods in a year, which means there are two months in which 3 deductions are withheld. Therefore, you would have 2 extra pay periods worth of contributions in your account after one year. It is recommended that you review and modify your deduction annually, if necessary, to keep your account balance and actual costs in alignment.*

**Note:** Available funds carry over to the following month. If your expenses were less than expected in a given month, the remaining balance can be used for *future* expense reimbursement.

## **Can I change my QTFB deduction amount during the year?**

You can make changes to your QTFB deduction at any time throughout the year. To make a change, login to your HR Self-Service account, select Benefits, Qualified Transportation, then Enroll, Change or Stop from the left menu then follow the on-screen instructions. You may also call the MI HR Service Center at 517-241-5892.

Changes will be effective the first day of the following month that you make the change unless you elect a later date, and cannot be retroactive. For example, changes made during the month of May would take effect June 1 unless you select a later month.

If you no longer wish to participate in the plan, you must stop your QTFB deduction at the end of a future pay period in which you choose. You will have 7 pay periods to either restart the deduction or claim the account balance. Otherwise, the account balance will be forfeited per IRS regulations.

## **Do my QTFB deductions automatically stop at the end of the year?**

No, your QTFB deductions do not stop at the end of the year. They automatically roll over from year to year.

## **Where can I view my QTFB deduction history and current deduction amount?**

You can view your QTFB deduction history through your HR Self-Service account. Once you login, select the Benefits menu item, Qualified Transportation, then Reimbursement Claim(s). Scroll down the screen and you will see a tab labeled "Historical Contributions". This tab will display your bi-weekly deductions since your enrollment in the program began.

## **Submitting Claims for Reimbursement through QTFB**

### **When are QTFB funds available for reimbursement?**

QTFB funds are available for claim reimbursement once they have been deducted from your paycheck and approved as an eligible expense with substantiating documentation. Expenses incurred prior to the first QTFB payroll deduction cannot be claimed.

### **How do I submit claims and receipts for QTFB reimbursement?**

#### **Electronic Submission**

1. Log-in to HR Self-Service. From the left menu select Benefits, Qualified Transportation, then Reimbursement Claim(s).
2. Scroll down to the section that allows you to enter your Expense Type, Claim Month, and Amount (Number of Days Parked only applies to meter parking). **Note:** A separate claim is required for each month and expense type.
3. Select the Submit button at the bottom of the page once you've entered a claim for each month and expense type for which you're seeking reimbursement. You will automatically receive an emailed confirmation statement if you have an email address listed in HR Self-Service. You will also have the option to print the confirmation statement from the next screen.

4. You will be directed to the Reimbursement Confirmation Screen where you may upload documentation for each claim submitted. To upload documentation, check the check box then select upload documentation.
5. Select Browse, attach documents and select Upload.
6. Review documents, then select Submit Documentation.

**Note:** If you must provide receipts at a later date, log-in to your HR Self-Service account, go to the Benefits Tab, select Qualified Transportation, then Reimbursement Claim(s). Next, select the Pending Claims Tab, and repeat the above steps.

### **Other Ways to Submit**

- Submit a copy of the QTFB Reimbursement Claim form (CS-1779) along with your substantiating documentation (e.g., receipts), by one of the methods listed below:
  - **Fax:** 517-284-0078
  - **US Mail:** Employee Benefits Division, P.O. Box 30002, Lansing, MI 48909
  - **Email:** MCSC-EBD@michigan.gov
    - **Note:** When providing receipts via email, you must include the claim month(s) and year.

### **What documentation is required to substantiate my QTFB expenses?**

Substantiating documentation includes any of the following:

1. Receipts or invoices from the vendor that reflect the payment has been made
2. Credit card statements
3. Bank statements

The documentation should include all items listed below:

1. Vendor name
2. Employee's first and last name
3. Dollar amount being claimed and amount paid
4. Payment date and date(s) of service or the claim month

### **Note:**

1. You may be required to provide additional supporting documentation in order to substantiate your claim.
2. Electronically copying line item transaction details from a credit card or bank statement onto a single sheet of paper is not sufficient. A copy of the page from the credit card or bank statement showing the transaction must be submitted. It is acceptable if you black out other details on the statement that do not pertain to the claim.

### **How will I receive reimbursement for my QTFB expenses?**

Reimbursements for approved QTFB expenses are processed through the State's payroll system and included as additional income in your pay warrant and will appear as "REIMBURSE QLFD TRN FRN BN." These funds are not taxable, even though they appear on your pay warrant.

Once the claim amount is processed, an email is sent to you stating the claim was approved in full, partially approved, or denied. For approvals, your QTFB account balance is immediately reduced. You will not receive the payment until after the end of the service period month.

For example, a payment approved on September 2nd for September expenses will not be paid until after September 30th. The payment will appear on the second paycheck in October.

### **How is my monthly claim reimbursement amount determined?**

Your account balance must have sufficient funds at the end of the month to cover any expenses you are claiming for that month. In accordance with IRS rules, funds contributed in a subsequent month cannot be used to cover costs incurred in earlier months. Therefore, if the claim amount exceeds the funds available at the end of that month, then only a portion of your claim can be reimbursed.

For example, if you submit a claim for April in the amount of \$40, and your account balance is \$30 at the end of April, you would only receive a partial reimbursement of \$30. Funds contributed in May cannot be used to make up the shortfall in April.

### **What is the deadline for submitting QTFB claims?**

The deadline for submitting a claim and substantiation documentation (e.g., receipts) is 180 days from the last day of the month in which the expense was incurred. Any claims submitted after this deadline will be ineligible for reimbursement.

### **What if I pay for eligible QTFB expenses a month in advance?**

Even though you may pay for your parking and **MichiVan** (operated by Enterprise Rideshare) ridership fees prior to the beginning of the claim month, these expenses will not be reimbursed until after the end of the claim month. However, you can submit future dated claims.

### **What happens if I pay for eligible QTFB expenses on a quarterly basis?**

Employees can no longer "group" claims to cover more than one month, even though you may pay for your parking on a quarterly basis. However, the receipt for the quarterly expenses can be used to support the claim costs for each individual month in the quarter.

Regardless of whether you pay for your parking and **MichiVan** (operated by Enterprise Rideshare) ridership fees in advance of the quarter, you will not be reimbursed until the end of the claimed month. You are able to submit future dated claims, however they will not be paid until the end of the claim month.

### **How can I view my QTFB claim history?**

You can view your QTFB claim history through your HR Self-Service account. Once you login, from the left menu select Benefits, Qualified Transportation, and then Reimbursement Claim(s). Scroll down the screen and you will see a tab labeled "Paid Claims". This tab will display your claims paid since your enrollment in the program began.

### **Where can I view my claims that are awaiting approval?**

You can view your pending claims through your HR Self-Service account. Once you login, from the left menu select Benefits, Qualified Transportation, than Reimbursement Claim(s). Scroll down the screen and you will see a tab labeled "Pending Claims". This tab will display a list of all the claims that have been submitted, but not yet approved for payment.

## QTFB Account Balance

### Where can I find my QTFB account balance?

You can view your QTFB account balance through your HR Self-Service account. Once you login, from the left menu select Benefits, Qualified Transportation, and then Reimbursement Claim(s). Scroll down the screen until you see your account balance display (in blue font).

**Note:** The balance shown on your earnings statement is not your account balance. Your earnings statement only shows the QTFB deductions for the current calendar year.

Your account balance can only be found in your HR Self-Service account or by contacting the MI HR Service Center at 877-766-6447, Monday- Friday (8:00 a.m. - 5:00 p.m.).

### Do I lose my QTFB account balance if I don't claim it by the end of the year?

No. Your account balance rolls over from year to year, and you do not lose it.

### If I stop my QTFB deduction, what happens to the money left in my account?

If you stop your QTFB deduction, you will have 7 pay periods to either restart the deduction or submit claims to seek reimbursement of your remaining account balance.

Account balances cannot be reimbursed simply due to stopping your deductions. You must have eligible parking and **MichiVan** (operated by Enterprise Rideshare) expenses to receive reimbursement. Otherwise, the funds will be forfeited per IRS regulations.

### What happens if I terminate my employment?

Upon termination of employment you will have seven pay periods to submit claims and substantiating documentation to seek reimbursement. Account balances cannot be reimbursed simply due to a separation from State service. You must have eligible parking and **MichiVan** (operated by Enterprise Rideshare) expenses to receive reimbursements. Otherwise, the funds will be forfeited per IRS regulations.

### What happens to my QTFB account if I go on a Leave of Absence (LOA), and am no longer on payroll?

Your QTFB account balance will remain intact while you are on a LOA and off payroll. However, reimbursements cannot be claimed for the period of time that you are on a LOA.

**Note:** Your QTFB deductions do not automatically restart upon your return from a LOA. Therefore, you must re-enroll to restart your deduction.

### What should I do if my account balance is much greater than my actual QTFB expenses?

Instead of stopping your QTFB deduction, you have the option of keeping your account active, but reducing the amount of your deduction. Once your deduction is stopped, you have seven pay periods to either restart your deduction or submit claims (with substantiating documentation) for reimbursement of your remaining account balance. Otherwise, your account balance will be forfeited. Keeping your QTFB deduction active at a reduced amount allows you to avoid forfeiting your account balance, while also reducing the amount of funds you're contributing.

### How do I avoid forfeiting my QTFB account balance if I begin parking in a State owned lot?

**Set up:**

1. Contact the DTMB Parking Office (517-284-7943 or [Parking@michigan.gov](mailto:Parking@michigan.gov)) and request that your parking deduction be temporarily changed from a pre-tax to an after-tax deduction.

2. Reduce the contribution amount for your QTFB account, but **do not stop it**. This can be completed by following any one of the following methods below:

- Log in to HR Self-Service, from the left menu select Benefits, Qualified Transportation, and then Enroll/Change/Stop; enter your deduction change.
- Contact MI HR Service Center at 877-766-6447 (Monday - Friday 8:00am - 5:00pm)

3. Determine the number of pay periods your State owned or leased IoU ramp parking deduction would need to be paid on an after-tax basis to equal the balance in your QTFB account. You may want to mark this date on your calendar, so you know approximately when to stop your account.

**Once sufficient after-tax costs have been incurred:**

4. Seek reimbursement through your HR Self-Service account, by logging in and selecting from the left menu select Benefits, Qualified Transportation, and then Reimbursement Claim(s). You must also provide substantiating documentation for the after-tax QTFB expenses you've incurred. For this situation, acceptable documentation is a copy of each of your bi-weekly earning statement's that show the post-tax parking payroll deductions.

5. Stop your QTFB account by following Step 2 above.

6. Contact the DTMB Parking Office (517-284-7943 or [parking@michigan.gov](mailto:parking@michigan.gov)) and request that your deduction be changed back to a pre-tax deduction.