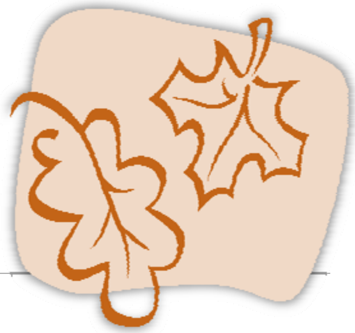
OFFICE OF THE ASSISTANT SECRETARY OF THE NAVY
FINANCIAL MANAGEMENT AND COMPTROLLER
OFFICE OF FINANCIAL OPERATIONS

TRANSPORTATION INCENTIVE PROGRAM (TIP) NEWSLETTER

OUTSIDE THE NATIONAL CAPITOL REGION (ONCR)

ISSUE: OCTOBER 2010

UPCOMING ENROLLMENT DEADLINES:



Next:
Tuesday, October 26, 2010

Future:
Friday, November 19, 2010
Friday, December 17, 2010
Please note the early deadlines for November and December to accommodate for the holiday season.

QUESTION OF THE MONTH:

Can a participant stockpile fare media for use in the future?

A participant may not accrue and stockpile unused fare media from one disbursement period to be used in a subsequent disbursement period so as to reduce their own out-of-pocket expenses.

CONGRESS RECESSES FOR ELECTION; $230 MAXIMUM BENEFIT SET TO SUNSET ON DECEMBER 31, 2010

The mass transportation and vanpool transportation fringe benefit program is a tax-exempt subsidy intended to offset the cost of using mass transportation. Executive Order 13150, instituting the program in the summer of 2000, noted that this subsidy was being established, "in order to reduce Federal employees' contribution to traffic congestion and air pollution." The originating Executive Order and subsequent law, required that all Federal agencies in the National Capital Region (NCR) establish and implement mass transit subsidy programs. The Department of Defense, through policy, has expanded and enabled the program Outsidethe National Capital Region in addition to the NCR program. The maximum monthly tax exempt limit that might be disbursed to participants is provided in the Internal Revenue Code (IRC). The Internal Revenue Service (IRS) has historically increased the maximum limit due to adjustments for inflation, gradually raising the maximum limit. Federal agencies, including the Department of Defense, do not have the authority to extend mass transportation subsidy benefits beyond that allowable by law.

On February 17, 2009, the American Recovery and Reinvestment Act (ARRA) amended the IRC by increasing the tax exempt transit benefit statutory limit to $230 effective March 2009. This limit also determines the maximum benefit allowed for individiduals participanting in the Department of Defense mass transportation benefit program. The increase to $230 was not permanent. The ARRA language extending the increase limited the time that this increased amount was in effect. The temporary increase in the maximum mass transit subsidy will sunset on December 31, 2010 unless legislative action is taken to extend the $230 limit. Congress has recessed and will not return before the election. And there has been no indication that an extension will be enacted by Congress to continue the $230 per month maximum limit for mass transit subsidies.

As the $230 limit was a temporary increase, Federal agencies may only provide transit subsidies for periods after January 1, 2011, up to the maximum of the limit in effect prior to the implementation of the requirements in the ARRA, the 2009 maximum limit of $120 per month.

The IRS may apply regular increases due to inflation, which is permitted by law, however, given the recent declines in the consumer price index used to determine inflation, there is no certainty that an announcement of these increases will be forthcoming prior to DoD distributions of fare media for periods after January 1, 2011. If inflationary increases are made by the IRS, it is unlikely that the increase will be greater than up to five dollars for each tax year the ARRA increase was in effect, 2009 and 2010. The Office of the Under Secretary of Defense is working with the IRS to obtain additional information and will provide updates when new information is available. Thank you for your patience as we work towards this likely transition.

Sherry Smith, the Policy Program Manager, Benefits, Emergency Preparedness and Crisis Response, Civilian Personnel Management Service, OUSD (P&R) Civilian Personnel Policy served as the primary contributor to this article.

IMPORTANT REMINDERS:

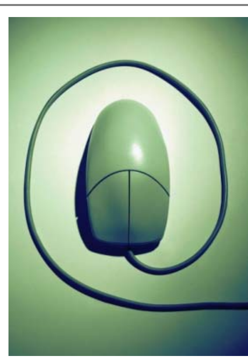
1. Email a soft copy in Excel of the Alpha Listing along with your new enrollee applications each.

2. Return all unused vouchers using a Department of Transportation Media Return Form immediately following the 10-day distribution period.

3. Only accept TYPED applications. Return all handwritten applications to the participant for proper completion.

4. Remind vanpool riders that vanpool accounts can only carry over up to $200 from one month to the next. All other excess funds should be returned to the US Treasury.

DON CONTACT INFORMATION



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