


**TO:** All Human Resource Directors for  
Agencies Serviced by the  
Bureau of Commonwealth Payroll Operations

**FROM:** Stephen R. Burns   
Director  
Bureau of Commonwealth Payroll Operations

**DATE:** November 15, 2021

**RE:** BCPO Payroll Memo #21-04, Taxation of Fringe Benefits - Moving & Parking 2021

The Bureau of Commonwealth Payroll Operations (BCPO) recently completed our annual review to identify employees who have received taxable moving and parking fringe benefits. This review was done to ensure that affected employees receive an accurate Form W-2, "Wage and Tax Statement". In addition, affected employees are sent an e-mail notification concerning payroll deductions for taxable moving and parking fringe benefits.

Effective January 1, 2018, employers must include as taxable wages any moving expenses that were paid to or on behalf of employees for tax year 2021. The benefit that allowed certain moving expenses to be tax-free ended as part of the tax-code overhaul (Pub. L. 115-97) signed into law December 22, 2017. BCPO gathered information from our Travel Audit Division and processed adjustments to each affected employee's taxable income for 2021 moving expenses

In addition, during May and November 2021, BCPO coordinated information from Commonwealth agencies and posted adjustments to each affected employee's taxable income for parking fringe benefits which was also based on the Internal Revenue Code §132. The IRS breaks out employer-provided and/or paid parking expenses into a "qualified" and "nonqualified" component. The parking expense is qualified and not included in taxable income if it is equal or less than the exemption amount set by the IRS. If the parking expense exceeds the exemption threshold, the employer must include the excess in the employee's taxable income. For 2021, the IRS threshold is at \$270 per month.

BCPO has calculated the additional taxable income for moving and parking expenses, and we will subsequently contact affected employees by e-mail to notify them about the adjustment increasing their taxable income and related deductions for Federal withholding, Social Security and Medicare taxes. As a final step, BCPO will process the necessary transactions in SAP and subsequently remit the applicable taxes to the appropriate Federal taxing agencies.

Please share this memorandum with any staff member responsible for tax inquiries. Questions relative to the taxation of fringe benefits may be directed to Sandra Colantuono at (717) 783-9055.

cc: Brian T. Lyman, Chief Accounting Officer, Office of the Budget  
Reid Walsh, Deputy Secretary for Human Resources and Management  
Lisette Lindsay, IES Business Operations HR Manager  
Bureau Directors (5)