



legislativeUPDATE

January 9, 2013

2012 Taxpayer Relief Act - Benefit Provisions

The [American Taxpayer Relief Act](#) was signed into law by the President on January 2, 2013. The law includes a number of tax provisions for businesses and individuals, a “doc fix” avoiding a 27% reduction to Medicare physician reimbursements for 2013, and a number of provisions specifically applicable to retirement planning. The law also includes changes to the following employer-provided fringe benefit provisions:

- **Employer-Provided Educational Assistance under Code Section 127:** The law permanently extends the provision allowing employers to exclude up to \$5,250 per year from an employee's wages for educational expenses incurred as part of an educational assistance program.
- **Employer-Provided Adoption Assistance under Code Section 137:** The law permanently extends the provision allowing employees to exclude from gross income up to \$12,650 paid or reimbursed by an employer for qualifying adoption expenses under an adoption assistance program.
- **Employer-Provided Child Care Credit under Code Section 45F:** The law permanently extends the credit for employer-provided child care facilities and services, allowing employers to take a tax credit equal to 25% of qualified child care expenditures and 10% of qualified child care resource and referral expenditures, up to \$150,000.
- **Increase in Excludible Employer-Provided Mass Transit and Parking Benefits Reinstated and Extended under Code Section 132(f):** The law retroactively extends an increase in the monthly exclusion for employer-provided transit and vanpool benefits, so that the exclusion for employer-provided transit and vanpool benefits is equal to that of the exclusion for employer-provided parking benefits, through December 31, 2013. As a result of indexing changes, the exclusion is \$245 per month in 2013.

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