

IRS Announces 2018 Employee Benefits Inflation-Adjusted Amounts

The following will be the inflation adjusted employee benefit parameters for taxable years beginning in 2018 as announced by the IRS in Revenue Procedure [2017-58](#).

Cafeteria Plans: The dollar limitation on salary reduction amounts to healthcare flexible spending accounts (“FSA”) under §125(i) will be **\$2,650** for 2018 (*previously \$2,600*).

Qualified Transportation Fringe Benefits: The monthly limitation under §132(f)(2)(A) for the aggregate fringe benefit exclusion amount for transportation in a commuter highway vehicle and for any transit pass under §132(f)(2)(B) for the fringe benefit exclusion amount for qualified parking will be **\$260** for 2018 (*previously \$255*).

Adoption Assistance Programs: Under §137, the 2018 amount that can be excluded from an employee’s gross income for the adoption of a child with special needs is **\$13,840** (*previously \$13,570*) which is the same amount that can be excluded from an employee’s gross income for the amounts paid or expenses incurred by an employer for qualified adoption expenses furnished pursuant to an adoption assistance program for other adoptions by the employee. The amount excludable from an employee’s gross income begins to phase out under §137(b)(2)(A) for taxpayers with 2018 modified adjusted gross income in excess of **\$207,580** (*previously \$203,540*).

Requirement to Maintain Minimum Essential Coverage (“MEC”): The applicable dollar penalty amount under §5000(A)(c) for failure to maintain MEC will remain at **\$695** (per adult) for the calendar year 2018.

Failure to File Correct Information Returns (\$6721) and Failure to Furnish Correct Payee Statements (\$6722): The general penalty amount for 2018 will be **\$270** (*previously \$260*) per return and the maximum penalty will be **\$3,282,500** (*previously \$3,218,500*). These penalties apply to Forms 1094/1095 (B and C Series) filed in 2019.

Health Insurance Expense of Small Employers: The 2018 dollar amount in effect under §45R(d)(3)(B) is **\$26,700** (*previously \$26,200*). This amount is used under §45R(c) for limiting the small employer health insurance credit available to certain small employers who purchase group health coverage from the Marketplace. In addition, the average wage criteria for small employers to be eligible to claim a tax credit in 2018 will be determined based on average wages up to two times the amount or **\$53,400** (*previously \$52,400*) in accordance with §45R(d)(1)(B).

Qualified Small Employer Health Reimbursement Arrangement (“QSEHRA”): To qualify as a QSEHRA under §9831(d), the 2018 maximum payments and reimbursements cannot exceed **\$5,050 and \$10,250** for self-only and family coverage, respectively (*previously \$4,950 and \$10,000*).

Earlier this year the IRS announced the calendar year 2018 amounts in effect for **Health Savings Accounts and High Deductible Health Plans (HDHP)** under §223 in Revenue Procedure [2017-37](#) which are as follows:

	Minimum In-Network Deductible		In-Network Out-of-Pocket limit		Annual Contribution Limit	
	2018	2017	2018	2017	2018	2017
Self-Only	\$1,350	\$1,300	\$6,650	\$6,550	\$3,450	\$3,400
Other	\$2,700	\$2,600	\$13,300	\$13,100	\$6,900	\$6,750

Note: The Maximum Annual Out-of-Pocket Limit (“MOOP”) for HSAs is different than the MOOP that applies to in-network essential health benefits for non-grandfathered plans under the Affordable Care Act (“ACA”). The 2018 ACA MOOP has been set at **\$7,350 and \$14,700** for self only and family coverage, respectively.

2018 refers to the taxable years beginning in 2018 unless otherwise noted

ADDITIONAL INFORMATION

Information contained in this Client Alert is not intended to render tax or legal advice. Employers should consult with qualified legal and/or tax counsel for guidance with respect to matters of law, tax and related regulation. Cherry Bekaert Benefits Consulting, LLC provides comprehensive consulting and administrative services with respect to all forms of employee benefits, risk management, qualified and non-qualified retirement plans, private client services, transaction services, and compensation and human resources.

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