

COMPLIANCE ALERT

IRS Announces Increased Limits for Certain Employee Benefits for 2021

November 2, 2020

The Internal Revenue Service (IRS) has released Revenue Procedure [2020-45](#) in which it has updated many key employee benefit limits that it adjusts annually to account for inflation.

Effective for tax years beginning in 2021, the following limits will apply:

- IRC Section 125 health flexible spending arrangements (HFSAs): \$2,750/year
- IRC Section 132 qualified transportation fringe benefits: \$270/month
- IRC Section 137 adoption assistance program expenses: \$14,400/year (subject to phase out for individuals with adjusted gross income in excess of \$216,660)
- IRC Section 9831 qualified small employer health reimbursement arrangement (QSEHRA): \$5,300/year (\$10,700/year for family coverage).

Please contact your EPIC account team with any questions regarding these updated limits.

EPIC Employee Benefits Compliance Services

For further information on this or any other topics, please contact your EPIC benefits consulting team.

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