

# Human Resources

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## Travel Pass Scheme

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RESOURCE DOCUMENT - V1. 2014

# Travel Pass Scheme

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## Background

As an incentive to encourage the use of public transport, legislation was introduced in the Finance Act 1999 which allowed an employer to incur the expense of providing an employee with a monthly or annual bus/rail pass, without the employee being liable for benefit-in-kind taxation.

This has become known as the Travel Pass or TaxSaver Commuter Ticket Scheme. Tax relief on public transport expenditure is not administered by the Revenue Commissioners but is instead operated by transport companies (public and private operators) and employers.

The scheme involves employers providing employees or directors with public transport tickets while saving on employer PRSI payments. Employees participating in the scheme benefit from reduced tax and PRSI payments. Employees receive tickets either as part of their salary package (salary sacrifice) or in lieu of an annual bonus. Savings arise because tickets are not subject to tax or PRSI and benefit-in-kind does not apply.

## For employers:

Companies can save up to 10.75% in PRSI while employees can save between 31% - 52% in tax, PRSI and USC on the cost of their travel.

## How TaxSaver Works

You must register as an Employer with **www.taxsaver.ie**. Once you have registered, you then add each employee wishing to participate in the scheme using their PPS number. The Employer then places the order each month/annually (whichever is applicable to each employee) and makes payment online.

There are several ways you can assist your employees in receiving a TaxSaver Ticket:

- Salary Sacrifice - Deduct the cost of the ticket from their gross salary.
  - In place of a cash bonus - Deduct the cost of the ticket from their bonus.
  - Addition to salary-Provide the ticket as an addition to their current salary.
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## For employees:

As a result of Government legislation employers can purchase monthly, annual or part yearly Taxsaver Commuter Tickets on your behalf. You can save between 31% and 52% on the cost of your ticket. The level of savings is dependent on an individual's Tax status.

If you opt to purchase an annual/yearly ticket you will receive an additional saving of four weeks free travel on your Bus Éireann ticket.

**Squires Gilbride - Chartered Accountants & Advisors are located in Dublin, Ireland.**

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