

Chapter 6 - The provision of travel passes

Part 05-01-01f

This manual should be read in conjunction with section 118(5A) and section 118B of the Taxes Consolidation Act 1997

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Table of Contents

1	Introduction	3
2	Qualifying Conditions	4
2.1	Travel Pass must be issued by an Approved Transport Provider.....	4
2.2	Employer Must Purchase Travel Pass	5
3	Salary Sacrifice Arrangement	6
3.1	Mix of Benefit-in-Kind and Salary Sacrifice.....	6
3.2	Employee Leaves Employment.....	7
4	Notification and Records.....	8

1 Introduction

This manual outlines the tax treatment, as set out in s118(5A) Taxes Consolidation Act 1997 (TCA 1997), applicable where an employer incurs expense on the provision of a travel pass (as defined in [section 2.1](#) below) for an employee.

Generally, where all qualifying conditions are met, the provision of a travel pass by an employer will not give rise to a charge to tax. This exemption does not extend to the parking element of travel passes when purchased as a combined ticket for travel and parking.

Section 118B TCA 1997 provides that the exemption may also apply to travel passes obtained under a salary sacrifice arrangement. See Tax and Duty Manual (TDM) [Part 05-01-01k](#) for further information on salary sacrifice arrangements.

In addition, an employee may avail of both a Travel Pass and a bicycle under the Cycle to Work scheme. See TDM [Part 05-01-01g](#) for further information on the Cycle to Work scheme.

2 Qualifying Conditions

2.1 Travel Pass must be issued by an Approved Transport Provider

A travel pass is an annual or monthly pass for bus, rail or ferry travel which has been issued by an approved transport provider.

An approved transport provider refers to any:

- public transport operator within the meaning of section 2 of the Dublin Transport Authority Act 2008 (e.g. Luas, Iarnród Éireann),
- the holder of a licence in respect of a public bus passenger service under Part 2 of the Public Transport Regulation Act 2009 (e.g. Bus Átha Cliath, Bus Éireann, licenced private bus operators), or
- person who provides a ferry service within the State (being journeys which both commence and cease in the State only), operating a vessel which holds a current valid –
 1. passenger ship safety certificate,
 2. passenger boat licence, or
 3. high-speed craft safety certificate

where the relevant licence or certificate is issued by the Minister for Transport, Tourism and Sport.

2.2 Employer Must Purchase Travel Pass

For the benefit-in-kind (BIK) exemption to apply, the employer must incur the expense of the travel pass.

It will not be sufficient for an employer to purchase a pass and recover the cost from the employee, or for the employee to provide payment towards the cost in advance of the travel pass being purchased. In such circumstances the expense will have been incurred by the employee.

3 Salary Sacrifice Arrangement

An employer and employee may enter into a salary sacrifice arrangement whereby the employee agrees to sacrifice part of his or her salary in lieu of a benefit in the form of a travel pass.

Section 118B TCA 1997 provides that the BIK exemption may apply to such arrangements where they are a Revenue Approved Salary Sacrifice arrangement.

TDM [Part 05-01-01k](#) includes information in respect of Revenue Approved Salary Sacrifice arrangements generally however, in the specific context of travel passes, Revenue is prepared to accept that an approved salary sacrifice arrangement will be in place where **all** of the following conditions are satisfied:

- there must be a bona fide and enforceable alteration to the terms and conditions of employment (exercising a choice of benefit instead of salary) with the consent of the employer,
- the alteration must not be retrospective and must be evidenced in writing, and
- there must be no entitlement to exchange the benefit for cash.

Where salary sacrifice arrangements are used, they must be completed over a maximum period of 12 months from the date of provision of the travel pass (i.e. the full cost must be recovered within this period).

3.1 Mix of Benefit-in-Kind and Salary Sacrifice

An employer may wish to provide a travel pass to an employee partially by way of direct provision of BIK (i.e. the employer covering part of the cost of the pass directly) or partially by way of salary sacrifice.

The provision of a travel pass in this manner will not give rise to a charge to tax provided all qualifying conditions set out in this manual are met.

3.2 Employee Leaves Employment

If an employee leaves their employment (by way of termination, resignation or retirement) before the salary sacrifice is completed, he or she should settle the full outstanding balance before the date of ceasing employment or retirement.

4 Notification and Records

An employer is not obliged to notify Revenue of the provision of travel passes to its employees and directors.

However, the purchase of travel passes by employers for directors and employees are subject to the normal Revenue audit procedure with the normal obligations on employers to maintain records (e.g., invoices, payments details, etc.).

The employer is also obliged to keep details of all salary sacrifice agreements entered into between the employer and employees or directors, together with all signed statements from employees and directors.