

## **Benefit-In-Kind - Bus, Rail and Ferry Passes**

### **Part 05-03-11**

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

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## 1. BIK Exemption (Bus, Rail and Ferry Passes)

### 1.1 Overview

Section 118(5A) TCA 1997 exempts employees and directors from benefit-in-kind taxation where an expense has been incurred by an employer on the provision of a monthly or annual bus, rail or ferry travel pass for the employee or director.

Section 118B provides that the exemption may also apply to bus, rail or ferry travel passes obtained under a salary sacrifice arrangement (see below).

This exemption does not extend to the parking element of bus, rail or ferry tickets when purchased as a combined ticket for travel and parking.

### 1.2 Approved Transport Provider

To qualify for the exemption the travel pass must be issued by an approved transport provider as defined in section 118 (5A)(b). This refers to any:

- public transport operator within the meaning of section 2 of the Dublin Transport Authority Act 2008 (e.g. Luas, Iarnród Éireann);
- 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, 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. Salary Sacrifice Arrangement - Exemption for Bus, Rail and Ferry Passes

For the benefit-in-kind exemption to apply to bus, rail or ferry travel passes obtained under a salary sacrifice arrangement, the travel pass must be provided under a Revenue Approved Salary Sacrifice arrangement in accordance with section 118B.

It is not sufficient for an employer to purchase the relevant travel pass and recoup the expense from the employee.

In the specific context of the provision of bus, rail and ferry passes, Revenue are prepared to accept that benefit-in-kind provisions will not apply to travel passes provided under an approved salary sacrifice arrangement where the following conditions are satisfied:

1. 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.
2. The alteration must not be retrospective and must be evidenced in writing.
3. There must be no entitlement to exchange the benefit for cash.

**Note:** an employee may enter into a "salary sacrifice" arrangement more than once in a year with the agreement of the employer.

See [Tax and Duty Manual Part 05-03-12](#) - Salary Sacrifice Arrangements, for further information in respect of salary sacrifice arrangements.