

To the Chief Executive Officer of each Vocational Education Committee

Travel Pass Scheme (Tax saver Commuter Scheme)

1 Introduction

The Minister for Education and Skills wishes to draw the attention of Vocational Education Committees to the Travel Pass Scheme (Tax saver Commuter Scheme).

Legislation was introduced in the Finance Act 1999 which allows an employer to incur the expense of providing an employee with an annual bus/rail pass, without the employee being liable for benefit-in-kind taxation. The Revenue Commissioners have agreed that the benefit-in-kind tax exemption will apply in the context of salary sacrifice, that is, where an employee agreed to forego or sacrifice part of his/her salary in lieu of the provision of the travel pass by the employer. The employee will not pay tax, PRSI, income levy or pension related deduction on the remuneration sacrificed.

2 Availability to employees

The scheme should be made available to all VEC employees who are employed in a permanent, contract of indefinite duration, fixed term, or regular part time capacity at the date of application. The employment must be capable of lasting until the salary sacrifice has been recouped. It is not possible for casual or non casual employees to avail of the scheme.

3 Revenue requirements of the scheme

Salary sacrifice by an employee in lieu of the provision of a travel pass by an employer will be acceptable to the Office of Revenue Commissioners as being effective for tax purposes under the following conditions:

- There must be a bona fide and enforceable alteration to the terms and conditions of employment, i.e. exercising a choice of benefit instead of salary;
- The alteration must not be retrospective and must be evidenced in writing;
- There must be no entitlement to exchange the benefit for cash;
- The choice exercised (benefit instead of cash) cannot be made more frequently than once a year, and then only with the consent of the employer.
- The choice exercised must be irrevocable for the relevant year for which it is made.

The salary sacrifice will have no impact on pension contributions or on pension benefits

4 Benefits for employee and employer

Because the non-taxable benefit replaces the salary foregone, an employee will not be liable to tax, PRSI, income levy or pension related deduction on the cost of the travel pass provided by an employer. The scheme underpins Government policy on the wider use of public transport.

5 Application for a Travel Pass

Employees wishing to avail of an annual travel pass should complete an application form, sign an authorisation form and familiarise themselves with the conditions governing the scheme. Sample forms (including annual ticket options at 21 October 2010) and the scheme conditions are included in the appendices to this circular.

It is a matter for VECs/VEC employees to be aware of the annual ticket options being offered by transport providers. Details of those offered by the main providers are available at www.taxsaver.ie or otherwise from the providers themselves.

On receipt of completed application and authorisation forms, the VEC will place an order with the relevant transport provider for the issue of a pass for the employee who opted to take up the scheme. The VEC will then issue the pass to the employee.

An ID card for the relevant transport company must be obtained in order to participate in the scheme. Details of ID requirements can be found at www.taxsaver.ie.

6 Closing date for receipt of applications

Closing dates for the receipt of applications are a matter for each VEC, as the employer.

7 Dissemination of Information

VECs are requested to bring the contents of this circular to the attention of all employees in their schemes. The circular can be accessed on the Department of Education and Skills web page: www.education.ie.

8 Further Information

Further information on the Travel Pass Scheme can be obtained at: www.taxsaver.ie.

An employee who otherwise has queries regarding the operation of this scheme should address them to his/her VEC.

Matt Ryan
Principal Officer.
January 2011

Appendix 1

**Travel Pass Scheme
Sample Application Form**

To: Chief Executive Officer
Vocational Education Committee

Employee Personnel Details

Name: _____

Address: _____

The travel pass is issued by registered post and the address supplied should be the address where the applicant will be, in order to accept delivery. A school address should not be used for this purpose.

Phone No.: (Mobile) _____ **Phone No.: (Work)** _____

School Roll No (if applicable): _____

PPS No.: (as on payslip)

--	--	--	--	--	--	--	--	--	--

Payroll No.: (as on payslip)

--	--	--	--	--	--	--	--	--

Annual Ticket Choice

Prices below are as quoted from the service providers on 21st October 2010

Please indicate your choice by ticking the relevant box provided.

- A. Annual Bus Travelwide** **€980**
Offers unlimited travel for one year on all Dublin Bus services including Nitelink and Airlink (Ferry services and Tours excluded).
- B. Annual Rail Outer Short Hop** **€1030**
Offers unlimited travel for one year on all Dublin Commuter Rail and DART services Between Balbriggan, Kilcoole, Hazelhatch, Dunboyne and Maynooth
- C. Annual Bus and Rail Short Hop** **€1190**
Offers unlimited travel for one year on all Dublin Bus services, including Nitelink and Airlink (Ferry services and Tours excluded), and on Dublin Commuter Rail and DART services between Balbriggan, Kilcoole, Hazelhatch, Dunboyne and Maynooth
- D. Annual Bus & Luas** **€1130**
Offers unlimited travel for one year on all Dublin Bus services, including Nitelink and Airlink (Ferry services and Tours excluded), and on Luas services between Sandyford & St. Stephens Green and Tallaght and Connolly Station
- E. Annual Rail & Luas** **€1430**
Offers unlimited travel for one year on Dublin Suburban Rail and Dart services between Balbriggan, Kilcoole, Hazelhatch & Maynooth and on Luas services between Sandyford & St. Stephens Green and Tallaght & Connolly Station
- F. Dart Commuter, Dublin Bus & Luas Annual Ticket** **€1750**
Offers unlimited travel for one year on Dublin Commuter Rail and Dart services between Balbriggan, Kilcoole, Hazelhatch, Dunboyne & Maynooth and on Luas services between Sandyford & St. Stephens Green and Tallaght & Connolly Station and all Dublin Bus services, including Nitelink and Airlink (Ferry services and Tours excluded)
- G. Annual Commuter Rail & DART + Feeder Services NEW** **€1270**
Offers unlimited travel for one year on all DART, and Commuter Rail services between Maynooth, Balbriggan, Hazelhatch, Dunboyne and Kilcoole plus feeder bus services 90/92 and Luas between Heuston and Connolly station.
- H. Iarnród Éireann Rail Point-to Point Annual Ticket**

From: _____ To: _____ Amount: _____

(Please specify stations - Price will depend on the point to point travel involved)

Do you require Bus/Luas connection from Heuston Station to City Centre? **Yes/No**

(A supplement of €240 per annum applies for the Bus Route 90/145 and Luas connections between Heuston Station and the city centre. Amount: _____)

Total: _____

Iarnród Éireann All Services Ticket

€ 3400

Iarnród Éireann & Bus Eireann All Services Ticket

€ 3800

Iarnród Éireann, Bus Eireann & Dublin Bus All Services Ticket

€ 4500

I. Bus Éireann Point to Point Annual Ticket

From: _____ To: _____ Amount: _____
(Please specify locations - Price will depend on the point to point travel involved)

J. Luas Only (please select 1, 2, 3 or 4 and write your chosen option in the box)

(1) Luas Annual Green Line

€710

Offers unlimited travel from Sandyford to City Centre

(2) Luas Annual Red 4 – Red 2

€670

Offers unlimited travel from Tallaght to Heuston

(3) Luas Annual Red 3 – Central 1

€670

Offers unlimited travel from Red Cow to City Centre

(4) Luas Annual Red & Green Lines

€760

Offers unlimited travel on both lines

K. Other Annual Pass issued by an Approved Transport Provider

Name of provider: _____
(approved transport provider)

From: _____ To: _____ Amount: _____

(Please specify locations - Price will depend on the point to point travel involved)

Please opt for whichever ticket suits your needs and sign the Authorisation Form below after you have read and understood the conditions of the scheme.

Appendix 2

**Travel Pass Scheme
Sample Authorisation Form**

In respect of option _____ above, I wish to sacrifice or forego the charge in respect of the cost of the above option from my annual salary in lieu of the provision of this annual travel pass from *name of VEC*. I realise that this arrangement will operate for a period of one year and that the salary sacrifice will be reflected in my pay slips over that period. I hereby undertake that in the event of my resigning, taking a career break or not being in a position to have a full 12 months deductions withheld from my salary that I agree to reimburse *name of VEC* the full difference between the cost of my travel pass and the amount of deductions already made.

I have read and I agree to the conditions overleaf.

NAME _____
BLOCK CAPITALS PLEASE

PPS No.: (as on payslip)

--	--	--	--	--	--	--	--	--

Signed: _____

Date: _____

Official Use Only

Ticket No. Issued: _____

Travel Pass ID Number: _____

Data Protection

The Vocational Education Committee will treat all personal data you provide on this form as confidential and will use it solely for the purpose intended. The information will only be disclosed as permitted by law or for the purposes listed in the Vocational Education Committee's registration with the Data Protection Commissioner - REF 10764/A

If the information you have provided is to be used for purposes other than outlined in the Vocational Education Committee's registration with the DPC your permission will be sought.

Appendix 3

Travel Pass Scheme: Conditions

1. The applicant must be employed in a permanent, contract of indefinite duration, fixed term, or regular part time capacity at the date of application. The employment must be capable of lasting until the salary sacrifice has been recouped. It is not possible for casual or non casual employees to avail of the scheme.
2. The employee must sacrifice or forego part of his/her annual basic salary in lieu of the provision of the annual travel pass by the VEC. This arrangement will operate for a period of one year and the salary sacrifice will be reflected in his/her pay slips over that period.
3. In the event of an employee changing school/office (but still being paid directly by the VEC) the travel pass will transfer with the employee. In doing so, there will be no change to the terms and conditions of the scheme. However, if an employee avails of unpaid leave of absence, or ceases employment prior to the expiration of the one year period of participation in the Travel Pass Scheme, he/she must surrender his/her annual pass. The VEC will then seek a refund from the transport provider for the unused part of the travel pass (a refund for a travel pass issued under the scheme will only be made to the VEC).

Please note, it is not always possible to obtain this refund from the transport provider, and in such cases the employee will have to bear the full annual cost of the ticket. If this should occur, it will then be necessary for the VEC to recover the balance due from the employee.

4. It is a condition of the Revenue Commissioners that the scheme operates on the basis of an annual option. Accordingly, an employee will not be able to cancel his or her participation in the scheme prior to the expiry of the one-year period.
5. The VEC will accept no liability or responsibility in the case of lost or unused travel passes or in the case of any injury which the employee may incur while using the travel pass.
6. An employee's lost travel pass may be replaced at a cost to him/her, per month remaining until the end of the year. This cost is determined by the transport provider.
7. The VEC accepts no responsibility for misuse of travel passes by employees and asserts that each travel pass issued by virtue of this scheme is strictly non-transferable.
8. The scheme applies only to annual bus and rail passes issued by Iarnród Éireann, Bus Éireann, Dublin Bus, Veolia and other approved transport providers. The Department of Transport will advise on approved transport providers.
9. The salary sacrifice will have no impact on pension contributions or on pension benefits, in accordance with the rules of the relevant superannuation scheme.
10. The salary sacrifice will have no impact on allowances normally calculated as a percentage of basic pay.

11. Employees who participate will be included in the scheme for one year. A new application will be required in respect of each subsequent year of participation.
12. The Revenue Commissioners' published article on the benefit-in-kind tax-exempt Travel Pass Scheme is available from the Department of Finance.
13. The travel pass is issued to the applicant by registered post and the address supplied on the application form should be the address where the applicant will be, in order to accept delivery. A school address should not be used for this purpose.