

## **Tax Free Annual Bus Tickets**

Currently within the SPT area there are two operators Stagecoach and FirstBus, who provide tax free annual bus tickets. These tickets are only available to employees through their company's salary sacrifice schemes. Bus tickets purchased by salary sacrifice are exempt from tax and national insurance payments, saving the employee around 30% off the purchase price of the ticket. The employee pays for the annual bus ticket via salary sacrifice over a 12 month period.

There are a few rules governing tax free bus ticketing schemes:

- Companies providing annual bus ticketing salary sacrifice schemes for their staff are required to notify HMRC and obtain confirmation from HMRC that the salary sacrifice scheme qualifies as a tax free scheme.
- The main use of the tax free bus ticket must be for journey to and from work, it can also be used for other non commuting journeys.
- The tax free annual bus ticketing scheme must be available to all staff who have a 12 month or longer contract.
- Staff participating in the tax free annual bus ticketing scheme are required to sign up for a 12 month period.
- Staff can only leave the tax free annual bus ticketing scheme if their personal circumstances change.

For example:

- ❖ Leaving the company.
- ❖ Moving house, moving work location or change in family circumstances (travel no longer required).
- ❖ Long term leave (travel no longer required).
- ❖ Disability (making bus travel impractical or very difficult).

## **Employer Benefits**

### **Cost Savings**

The cost of bus tickets purchased through salary sacrifice is exempt from employer NI contributions saving around 12.8% of the cost of the bus tickets. For every £500 an employee spends through the scheme the employer saves £64 in NI contributions.

### **Reducing parking and congestion**

Encouraging staff to travel to work using public transport will help to reduce the number of staff who drive their cars to work, freeing up car parking spaces, reducing congestion and CO<sub>2</sub> emissions.

### **Corporate image**

Promoting alternative transport initiatives shows the employer has a keen interest in the well-being of their staff, local community and the environment.

If you would like further information about the tax free bus ticketing scheme please contact [clare.strain@spt.co.uk](mailto:clare.strain@spt.co.uk)