



Commute Trip Reduction (CTR) Tax Credit for the 2023 tax year Applications open Jan 1 – 31, 2024

What

Information to help your worksite or property apply for the Washington State Department of Revenue Commute Trip Reduction tax credit (2023 tax year).

In other words, if you help your employees or employees at your property get to work without driving alone, you may be able to receive tax credits for your non-drive alone program expenses!

Common examples include, but are not limited to:

- Paying for employee public transit passes for things like buses, trains, ferries, or light rail
- Paying for an employee vanpool or vanshare
- Paying for employee bike repairs as part of employee commute

Applications are open and available until January 31.

Application available here: https://dor.wa.gov/manage-business/my-dor-help/special-credits

This information is applicable for all employers or property managers in Washington State that pay business and occupation (B&O) tax or public utility tax (PUT) to the Washington State Department of Revenue.

Why apply?

If an employer or property manager provided CTR incentives in 2023, they may be eligible for up to \$60 per employee in CTR tax credit against their business and occupation (B&O) tax or public utility tax (PUT) liability.

CTR methods that qualify for the credit are ride sharing, public transportation, car sharing, and nonmotorized commuting.

Tip: In the City of Seattle along with King, Pierce, Kitsap, and Snohomish Counties, this includes ORCA Business Choice and ORCA Business Passport programs!

Read additional details on the State's Department of Revenue website here: https://dor.wa.gov/sites/default/files/2022-02/sn_15_CTR_Extended.pdf

This guide developed courtesy of the **Seattle Department of Transportation**. Please contact your local transit pass provider for information about invoicing or your annual transit pass costs if you cannot locate this information.

This guide is intended to help worksites and properties collect relevant information for the <u>Washington</u> <u>State Department of Revenue's Commute Trip Reduction tax credit</u> and is not official tax guidance.

Consult your organization or property's tax or financial advisor before submitting your application.

Last updated: January 8, 2024





How to apply

What you will need to apply:

- 1) How many employees at your worksite receive the CTR incentive
- 2) The amount your employer or property paid toward your CTR incentive in 2023

Step 1) Log into the application to confirm the information your worksite or property needs to apply: <u>https://dor.wa.gov/manage-business/my-dor-help/special-credits</u>

The Department of Revenue CTR application resembles the following:

Instructions		
	ees and incentive amounts paid. The credit applied for will be calculated based on these fields and the	a statutory limits.
Number of Employees	Required	
Only count and include emp	loyees that received an incentive for using ride sharing, public transportation, car sharing, or nonmoto	rized commuting.
Incentives Paid	0.00	
Only include actual amounts per employee.	s paid to employees for incentives. In calculating the total amount paid, the amount for each employee	cannot exceed \$120
employees do not participat	s 10 employees. They pay public transportation incentives of \$400 per year to 3 of those employees. I e in these incentives. The total tax incentive amount paid is \$360. This is calculated by multiplying the participating in the program.	

Above: Screen grab of the application from January 2023

Information you will need to collect:

- The number of employees receiving your CTR incentive
 - Only count and include employees that received an incentive for using ride sharing (i.e., vanpool), public transportation, car sharing, or nonmotorized commuting (e.g., walking, biking)
- The amount of money each employee's CTR incentive cost your employer or property
 - Only include actual amounts paid to employees for incentives (e.g., how much their transit pass cost). In calculating the total amount paid, the amount for each employee cannot exceed \$120 per employee. (Note: the \$120 limit is related to how the tax credit is calculated by Washington State Department of Revenue)

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Step 2) Collect your employer or property's annual CTR incentive costs. This step may include finding receipts or invoices.

Note: Following examples will apply to employers and properties in the City of Seattle and King, Pierce, Snohomish, and Kitsap Counties that use <u>ORCA Business Programs</u> for public transit passes.

If you are a business or property manager located outside of this area that pays for employee transit passes or vanpool, contact your local public transit agency for any invoices you may need for your CTR Tax Credit submittal.

ORCA Business Passport – Area Pricing (employers with 5-499 employees)

The following guidance applies to any employer or property manager who:

- Offers ORCA Business Passport
- Pays annually (once per year)
- Has between 5-499 employees

A sample annual ORCA Business Passport invoice for an employer of 5-499 is on the next page.

How this employer would calculate their 1) employee count and 2) CTR incentive

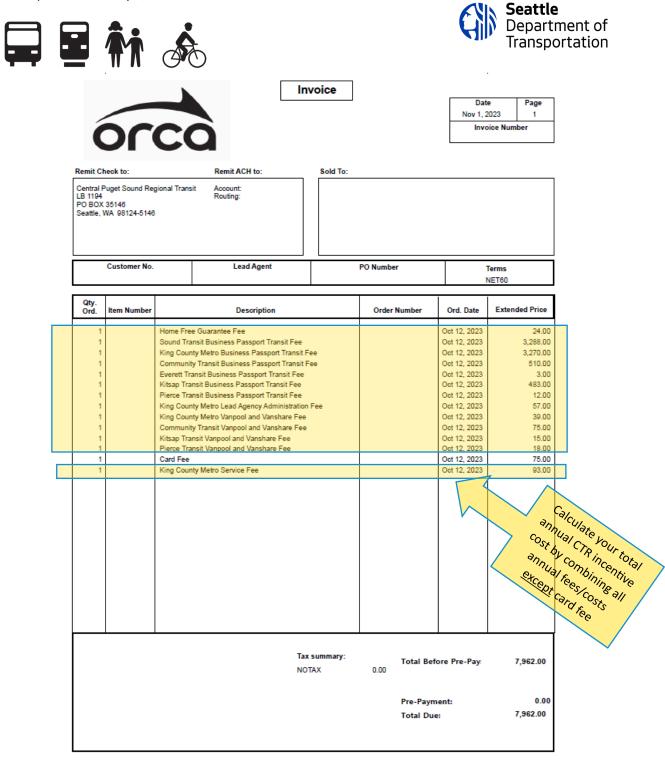
- This employer has 25 employees receiving a CTR incentive
 - **Tip**: Look for the **Number of Eligible Participants** on your ORCA Business Passport contract to find how many employees are receiving your public transit benefit. 1st year contracts can also look at the card fee and divide by \$3. \$75 / \$3 per card = 25 employees.
- Add up all the values on the ORCA invoice except the "Card Fee"
 - The total cost = $$7,887^{.00}$
 - Per employee, this employer or property spent \$315^{.48} in 2023
- Enter the value of CTR incentive per employee into the Department of Revenue Commute Trip Reduction tool
 - **Note:** \$120/employee is the maximum you can claim. The employer or property with the sample invoice would enter \$120/employee.
- The example employer or property invoice on the next page is eligible to submit a total CTR incentive of \$3,000^{.00} and that this incentive goes to 25 employees.
 - \$3,000 = 25 employees * \$120 (the maximum CTR incentive amount accepted for the Commute Trip Reduction Tax Credit)

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ORCA Business Passport – Custom Pricing (employers with 500+ employees)

The following guidance applies to any employer or property manager who:

- Offers ORCA Business Choice
 - or
- Offers ORCA Business Passport and
- Pays monthly (12 times per year) and
- Has more than 500+ employees

On the following page is a sample ORCA Business Choice invoice for **ORCA Business Choice**.

How this employer would calculate their 1) employee count and 2) CTR incentive

- This employer has 30 employees receiving a CTR incentive
 - **Tip**: Look for the **Number of Eligible Participants** on your ORCA Business Passport contract to find how many employees are receiving your public transit benefit (ORCA Business Choice contracts will not have this information and you will need to use your invoices and/or confirm with HR to determine the number of employees receiving a transit pass benefit)
 - Note: If you have a ORCA Business Choice program, the Qty. Ord. column shows 30 orders were placed; confirm with your HR team that this number reflects your employee count.
- Add up all the values on the ORCA invoice except the "Card Fee"
 - The sample invoice below does not have a "Care Fee"
 - \circ The total invoice is \$5,400^{.00}
 - Confirm with the person in charge of your company or property's ORCA account how much does each card receive per month?
 - In the example on the next page, we'll assume an equal amount on each of the 30 cards
 - If this is a <u>monthly</u> invoice <u>and</u> always the same, each card gets \$180; 12 months x \$180/month = \$2,160/employee * 30 employees = \$64,800^{.00}
 - Note: Monthly invoices can differ, especially if you have an ORCA Business Passport contract with custom pricing / more than 500+ employees! Be sure to compare monthly invoices.
 - If this is the <u>only</u> invoice for the year meaning, each employee gets \$180 for the <u>entire</u> year paid by the employer then the total amount is \$5,400^{.00} for an annual incentive.

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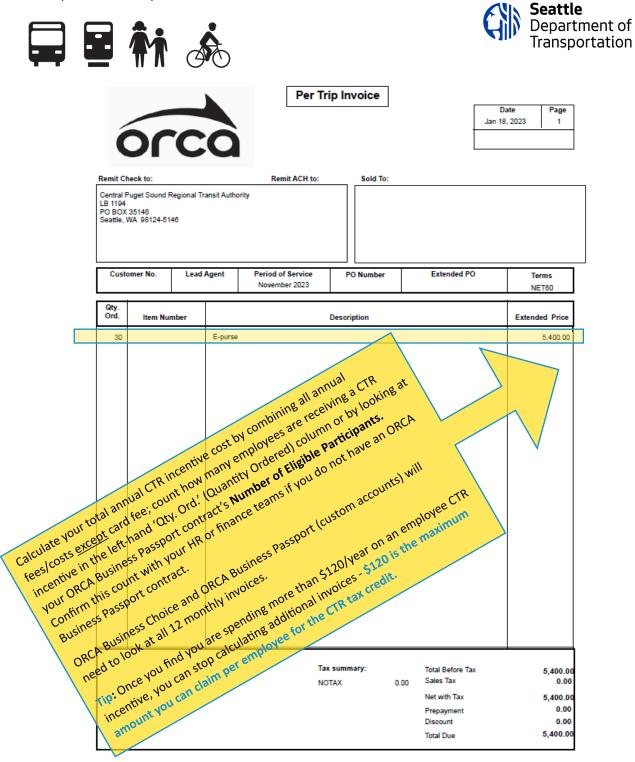


- Enter the value of CTR incentive per employee into the Department of Revenue Commute Trip Reduction tool
 - **Note:** If you spent more than \$120 per employee in CTR incentive, you would enter the maximum \$120/employee as per the Department of Revenue website.
- The example employer or property invoice on the next page is eligible to submit a total CTR incentive of \$3,600^{.00} and that they provided the incentive to 30 employees.

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