

Last updated: January 8, 2024



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 vanshipare
- 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 non-motorized 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 [Washington State Department of Revenue's Commute Trip Reduction tax credit](#) and is not official tax guidance.

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

If you found this guide helpful or notice anything in need of correction, let us know! matthew.trecha@seattle.gov



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: <https://dor.wa.gov/manage-business/my-dor-help/special-credits>

The Department of Revenue CTR application resembles the following:

Commuter Trip Reduction

Instructions
Enter the number of employees and incentive amounts paid. The credit applied for will be calculated based on these fields and the statutory limits.

Number of Employees Required

Only count and include employees that received an incentive for using ride sharing, public transportation, car sharing, or nonmotorized commuting.

Incentives Paid

Only include actual amounts paid to employees for incentives. In calculating the total amount paid, the amount for each employee cannot exceed \$120 per employee.

For example, a business has 10 employees. They pay public transportation incentives of \$400 per year to 3 of those employees. The remaining 7 employees do not participate in these incentives. The total tax incentive amount paid is \$360. This is calculated by multiplying the \$120 cap per employee by the 3 employees actually participating in the program.

Credit Applying For

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 [ORCA Business Programs](#) 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 \$3,000⁰⁰ and that this incentive goes to 25 employees.**
 - $\$3,000 = 25 \text{ employees} * \120 (the maximum CTR incentive amount accepted for the Commute Trip Reduction Tax Credit)

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Invoice

Date	Page
Nov 1, 2023	1
Invoice Number	

Remit Check to: Central Puget Sound Regional Transit LB 1194 PO BOX 35146 Seattle, WA 98124-5146	Remit ACH to: Account: Routing:	Sold To:
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Customer No.	Lead Agent	PO Number	Terms NET60
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Qty. Ord.	Item Number	Description	Order Number	Ord. Date	Extended Price
1		Home Free Guarantee Fee		Oct 12, 2023	24.00
1		Sound Transit Business Passport Transit Fee		Oct 12, 2023	3,288.00
1		King County Metro Business Passport Transit Fee		Oct 12, 2023	3,270.00
1		Community Transit Business Passport Transit Fee		Oct 12, 2023	510.00
1		Everett Transit Business Passport Transit Fee		Oct 12, 2023	3.00
1		Kitsap Transit Business Passport Transit Fee		Oct 12, 2023	483.00
1		Pierce Transit Business Passport Transit Fee		Oct 12, 2023	12.00
1		King County Metro Lead Agency Administration Fee		Oct 12, 2023	57.00
1		King County Metro Vanpool and Vanshare Fee		Oct 12, 2023	39.00
1		Community Transit Vanpool and Vanshare Fee		Oct 12, 2023	75.00
1		Kitsap Transit Vanpool and Vanshare Fee		Oct 12, 2023	15.00
1		Pierce Transit Vanpool and Vanshare Fee		Oct 12, 2023	18.00
1		Card Fee		Oct 12, 2023	75.00
1		King County Metro Service Fee		Oct 12, 2023	93.00

Calculate your total annual CTR incentive cost by combining all annual fees/costs except card fee

Tax summary:		Total Before Pre-Pay:	7,962.00
NOTAX	0.00		
		Pre-Payment:	0.00
		Total Due:	7,962.00

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ORCA Business Choice

or

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”
 - 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 monthly invoice *and* 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 only invoice for the year – meaning, each employee gets \$180 for the entire 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 \$3,600⁰⁰ and that they provided the incentive to 30 employees.**

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Per Trip Invoice

Date	Page
Jan 18, 2023	1

Remit Check to: Central Puget Sound Regional Transit Authority LB 1194 PO BOX 35146 Seattle, WA 98124-5146	Remit ACH to:	Sold To:
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Customer No.	Lead Agent	Period of Service November 2023	PO Number	Extended PO	Terms NET80
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Qty. Ord.	Item Number	Description	Extended Price
30		E-purse	5,400.00

Calculate your total annual CTR incentive cost by combining all annual fees/costs except card fee; count how many employees are receiving a CTR incentive in the left-hand 'Qty. Ord.' (Quantity Ordered) column or by looking at your ORCA Business Passport contract's **Number of Eligible Participants**. Confirm this count with your HR or finance teams if you do not have an ORCA Business Passport contract.

ORCA Business Choice and ORCA Business Passport (custom accounts) will need to look at all 12 monthly invoices.

Tip: Once you find you are spending more than \$120/year on an employee CTR incentive, you can stop calculating additional invoices - **\$120 is the maximum amount you can claim per employee for the CTR tax credit.**

Tax summary:	Total Before Tax	5,400.00
NOTAX	Sales Tax	0.00
	Net with Tax	5,400.00
	Prepayment	0.00
	Discount	0.00
	Total Due	5,400.00

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