

TransportPlanningSociety

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Response to HM Revenue and Customs Consultation on salary sacrifice for the provision of benefits in kind

The Transport Planning Society is an independent institutional body in the UK, established to facilitate, develop and promote best practice in transport planning and to provide a focus for dialogue between practitioners and others interested in the field. It is supported by four long established professional institutions – ICE, CIHT, CILT and RTPI - all of whom have an interest in transport planning as well as their own core activities.

The Transport Planning Society administers its own Professional Development Scheme for transport planners, leading to award of the Transport Planning Professional (TPP) qualification which is the only professional qualification uniquely aimed at transport planners. The Society has over 1200 individual members and 30 corporate member providers of transport planning services in the UK and elsewhere. Many of our members are working actively within the Transport industry to ensure that all modes of transport are catered for in a safe and considered way.

Our response has been drafted by the Policy Group within the Transport Planning Society Board, all of whom were elected by the membership as a whole. The Policy Group is in constant dialogue with other members of the Society and the views expressed here may be taken as representative of those held generally by our membership.

Consultation Response

Although our individual members may have views on a range of issues relating to salary sacrifice schemes, as a number of these schemes affect transport related matters, we would like to respond to the consultation as a society. Responses may also be received from our partner organisations, as listed in the introduction to our response.

The Transport Planning Society encourages HM Revenue to continue its support in providing employees with travel choice and welcomes the opportunity to comment on this document, which seeks to better understand the main drivers influencing the use of salary sacrifice. Our particular interest is in the transport outcomes of Salary Sacrifice and in particular the stimulus that the transport-related aspects of such schemes can make towards the choice of more sustainable forms of travel than the private car. It is important that HM Revenue appreciates that there are wider consequences to changes to the Salary Sacrifice scheme than merely financial ones. Our response is largely focused on this point.

In responding to this consultation we will answer the questions as laid out in the consultation document and then provide an overall conclusion.

Question 1

Alongside annual leave, are there any other salary sacrifice arrangements that the government should be made aware of that do not strictly involve receipt of a benefit?

None that are of relevance to the Transport Planning Society.

Question 2

What are the likely impacts on employers and employees of limiting the scope of BIKs that can obtain tax advantages when offered through salary sacrifice arrangements?

Salary Sacrifice schemes are an important and useful tool to help employers and employees improve air quality and take up sustainable journey making. Evidence shows that financial saving is one of the most important factors in terms of getting people to change their travel choices and thus anything which makes decisions more costly and difficult reduces the take up.

Question 3

Are these impacts different, or are there different considerations, for large/small businesses or particular business sectors?

We would like to see the rules on BIKs being widened to ensure all businesses, regardless of size, able to offer the same transport related BIKs to all their employees.

Question 4

Are the impacts different for particular BIKs?

Salary Sacrifice is limited to employees on a payroll system and is therefore not applicable to those on contract. Where a business relies on large numbers of contract staff, the effects would be less than for those with higher proportions of employees on the payroll. The TPS would like to see a way where staff employed on a contract basis could benefit and thereby contribute to modal change.

Question 5

Do you think that the government needs to take any steps to mitigate any negative consequences of this change for employees and employers, such as those who may be locked into salary sacrifice arrangements? If responding, it would be helpful to understand specific examples and factors the government should take into consideration.

The negative consequences of withdrawing transport aspects of Salary Sacrifice arrangements would affect not only employers and employees. To the extent that withdrawal of the transport-related BiK's would discourage employees from using more sustainable modes of travel, subsidised by the Salary Sacrifice scheme, and travel by private car instead, there would be dis- benefits to the economy (more congestion), public health (more pollution) and employee well being (reduced exercise if walking and cycling are dispensed with). These are important "unintended consequences" that should not be overlooked.

Question 6

Do you consider that the approach proposed for legislation would work as intended?

As stated in our earlier responses we would welcome the opportunity for BIKs to be widened to encourage further travel choice by sustainable modes.

Question 7

Are there any consequences the government has not considered in proposing to legislate in this way?

Spreading the cost of travel through BIKs enables people to choose more environmentally friendly ways to travel, that would otherwise be unaffordable, For Example; Buying bikes or public transport season tickets. The Transport Planning Society would therefore be disappointed to see any scheme that allows people access to greater travel choice abolished, without an alternative mechanism for making sustainable travel options available to all.

Question 8

Would this timeline present employers with difficulty, for example with updating payroll software?

N/A

Question 9

Are there any other changes that employers would need to make?

N/A

Question 10

Are there any other compliance considerations which HMRC should be aware of?

N/A

To conclude the TPS would like to see anything that encourages travel choice for employers and employees to be continued in a fair and equal way.

We will be happy to provide any further information requested or to engage further with HM Revenue and Custom on this subject.