

Low mileage allowances for cycling

- Examples from Finland

Velo-City, 16.6.2017

Virpi Ansio,

*Network of Finnish Cycling Municipalities
and Sito Ltd*



Finnish Tax Administration defines

- 🚲 Temporary business trips the employer pays tax-exempt mileage allowances.
 - 🚲 0,43 €/km for cars, others (includes bicycle) 0,10 €/km.
 - If the employer is willing to pay higher allowance that part is taxable income.
- 🚲 Travelling or commuting between home and work is not considered as a business trip.

Trade Unions can have own rules

- 🚲 Local Government Employers (KT) is an organization which creates local agreements concerning the conditions of the employees in the public sector.
- 🚲 KT: temporary business trips mileage allowance for biking is 0,84 €/day, regardless of kilometers.
 - 🚲 0,41 €/km for car and moped 0,17 €/km

Situation today

- 🚲 There are inconsistent taxation rules between transport modes.
- 🚲 There should be fiscal incentives also when travelling by bike between home and work.
- More tax incentives for smart mobility needed!


The National Energy and Climate Strategy for 2030,

Government report 2016


- Goal: 30 % more walking and biking trips.

Some forerunner employers in Finland

Pekkaniska Ltd

-  biking between home and work 0,25 €/km, but length of a trip must be at least 5 km one way.
- Lower sick leave level than the average in Finland.
- Calculations: one euro for all physical activity allowances give back about four euro benefits, employees performance increases.

Trafix Ltd

-  home to work and business trips by bike/walk 0,30 €/km and by public transport 0,15 €/km.
- There are daily maximum levels for allowance.

How about public sector employers, cities?

- 🚲 The city of Joensuu **calculated** a model how support city workers smart mobility by giving mileage allowances.
- 🚲 **Idea of a pilot** at four city departments
 - Business trips: walking/biking 0,30 €/km, public transport 15€/km. Maximum 5€/day.
 - Trips between home and work: walking 0,30 €/km (max. 3€/day) and biking 0,30 €/km (max. 5€/day).
- 🚲 Pilot did not start (yet?) because personnel department find it **inequality**.

Conclusion

- 🚲 Might be hard for bigger and public organizations to be as flexible as smaller or private organizations with less bureaucracy?
- 🚲 We need brave pilots and calculations of economical benefits, also from public sector employers!
- 🚲 **Especially we need a fiscal reform!**