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**.
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!