

Special Notice

Intended audience: Employers who provide commute trip reduction incentives to employees.

July 1, 2024

Commute trip reduction tax credit extended through June 30, 2025

[Engrossed Substitute House Bill 2134](#) extends the Commute Trip Reduction tax credit through June 30, 2025. The credit was due to expire July 1, 2024. Employers may now earn the credit for incentives paid to employees through December 31, 2024.

Please note the accrual period was not extended for property managers. The accrual period for a property manager that provides incentives to persons employed at a worksite managed by the property manager expired on December 31, 2023.

What is the commute trip reduction tax credit?

- The commute trip reduction tax credit allows employers who provide commute trip reduction (CTR) incentives to employees to receive a 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.
- The credit is equal to 50% of the incentive payments paid by the employer, not to exceed \$60 per employee per fiscal year.
- No employer may receive more than \$100,000 of credit per fiscal year.

Is this a new credit?

No. The program was previously set to expire July 1, 2024. The credit will now expire July 1, 2025. Employers can continue to earn the credit throughout 2024. However, property managers cannot earn credits beyond 2023 (property managers can still claim credits in 2024, for credits earned in

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2023).

When do I apply for the CTR credit?

You must apply electronically through [My DOR](#) between January 1–31 each year to receive credit for CTR incentive payments made in the prior calendar year.

The department may accept applications received up to 15 calendar days late, if the business can demonstrate the application was filed late due to circumstances beyond their control ([WAC 458-20-228](#)).

The department has 60 days from the end of January to authorize credits. The statewide cap for applications submitted is \$2.75 million. All credits will be prorated so they don't exceed the statewide cap.

How do I claim the CTR credit?

Once you have been issued a credit notice by the department, you may claim the CTR credit in My DOR when filing your excise tax returns.

Credits approved in 2024, must be applied to 2024 tax reporting periods and may not be carried forward. For example, credit issued in 2024 must be applied to 2024 excise tax returns.

The amount of credit claimed during a reporting period may not exceed the amount of B&O tax and PUT owed. The same credit may not be claimed for both B&O tax and PUT.

No credits may be applied to returns filed after June 30, 2025, even if they relate to a prior tax period.

Additional information

- For more information about the program, see [Chapter 82.70 RCW](#).
- For help completing the application, call us at 360-705-6214.
- For help claiming the CTR credit, call us at 360-705-6705.

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