



**DEPARTMENT OF THE NAVY**  
FIELD SUPPORT ACTIVITY  
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22 Mar 21

MEMORANDUM FOR DISTRIBUTION

Subj: TRANSPORTATION INCENTIVE PROGRAM OUTSIDE THE NATIONAL  
CAPITAL REGION VANPOOL POLICY

Ref: (a) SECDEF Memo, Use of Masks and Other Public Health Measures of 4 Feb 21  
(b) ASN(FM&C) DON TIP POC Program Guidelines of Aug 09  
(c) ASN(FM&C) memo 7000 ASN(FM&C) of 23 May 16  
(d) DASN (FO) memo, Transportation Incentive Program – Outside the National Capital  
Region Vanpool Policy of 31 Dec 15  
(e) USDT IRS Publication 15-B Cat. No. 29744N of 5 Feb  
(f) DOT Office of Mass Transit Benefit Policy of 1 Mar 21  
(g) DoD Instruction 1000.27 of 28 October 2008

1. The purpose of this memorandum is to provide interim guidance in accordance with references (a) through (g) to the policy that governs the use of vanpools in response to COVID-19 national health emergency mitigation measures. The policy contained in this memorandum temporarily amends reference (c).
2. In adherence to Department of Defense (DOD), and Department of the Navy (DON) guidance regarding COVID-19 national health emergency, Field Support Activity, the Office of Primary Responsibility for the Transportation Incentive Program (TIP), as provided in reference (e), has temporarily updated vanpool guidance to promote Command Health Protection Condition Level measures.
3. DOD and DON guidance in response to the COVID-19 national health emergency, as provided in references (c), instructs all personnel to use face coverings and masks, practice physical distancing, and fully comply with health guidance provided by the Centers for Disease Control and Prevention (CDC). All DON TIP Outside the National Capital Region (ONCR) Reviewing Officials and participants are to advised to follow and prioritize Command Health Protection Condition Level measures, and then to logically apply TIP policy and guidance.
4. On 3 December 2020 the Internal Revenue Service (IRS) published a Frequently Asked Question (FAQ), as provided in reference (e) stating in part “If the employer reasonably expected the vehicle to meet the 80/50 requirement at the beginning of the 2020 calendar year, then the value of van pool transportation provided by an employer to its employees and cash reimbursements from an employer to its employees for expenses incurred in connection with an employee-operated van pool may be excluded from the employee's gross income as a qualified transportation fringe benefit for the 2020 calendar year, up to \$270/month, provided the other requirements of section 132(f) are satisfied”. Due to the publication date of the FAQ, DON TIP ONCR could not retroactively apply the guidance for calendar year 2020. However, the Department of Transportation (DOT), Office of Transit Benefit Policy Office, published an

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interpretation that allows for application of the FAQ to Calendar Year 2021 for the duration of COVID-19 national health emergency as provided in reference (f).

5. For the purpose of establishing the reasonable expectation to meet the 80/50 rule, adhering the COVID-19 relief IRS guidance and DOT interpretation provided in references (e) and (f), DON TIP ONCR is implementing the following temporary TIP policy update to allow for six (6) vanpool warnings for failure to meet the TIP Qualified Means of Transportation (QMOT) requirements in Calendar Year 2021.

6. In an effort to prevent fraud, waste, and abuse, all operating vanpools must meet the following criteria:

a. To be considered as a QMOT, a vanpool must have a minimum seating capacity of at least six (6) adults, not including the driver.

b. To be considered as a QMOT, the vanpool must meet an 80/50 rule, which is defined here, as at least 80 percent of the days operated in a given month or monthly mileage use of the vehicle must be for:

(1) The purpose of transporting personnel in their local commute to and from their residence to their place of employment/duty station.

(2) On trips during which the number of employees transported for such purposes is at least one-half of the adult seating capacity of such vehicle (not including the driver).

c. Vanpool participants whose vanpool fails to meet the 80/50 rule in any given month will receive a vanpool warning for failure to meet the TIP QMOT requirements which could result in a repayment to the Federal Government, Program suspension or withdrawal for use of ineligible TIP benefits. Program repayments, suspensions, and withdrawals are initiated, reviewed and implemented via the participant's local Reviewing Official with oversight from the TIP Program Office.

d. Total number vanpool warnings may not exceed six (6) for the 2021 calendar year. If six (6) vanpool warnings are exceeded, vanpool riders will be required to repay the Federal Government for transit benefits they used for every month that QMOT (or Commuter Highway Vehicle) requirements were not met with the exception of the first through the sixth months that the 80/50 rule was not met in Calendar Year 2021. Consideration to extenuating circumstances is included in the increased number of allowable vanpool warnings. Exception requests will not be accepted.

e. Vanpool participants not commuting to and from their work site via QMOT, or not utilizing their TIP benefits during the COVID-19 national health emergency have the option to withdraw their TIP System (TIPS) application; local Reviewing Officials are advised to include a detailed audit notation in the participant's application.

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f. Vanpool participants who must pay to “hold” their space in the vanpool due to extended absence (e.g. TDY or leave) or part-time work schedule are responsible for the cost of holding their space as an out-of-pocket expense.

g. Each participant must commute at least fifty (50) percent of their eligible work schedule to receive a full month’s benefit.

(1) For example, if a participant is on sick and/or annual leave it would be considered an eligible workday and count against their program eligibility requirement; if a participant is on administrative leave and they are incapable of reporting to their duty station it would not count against their program eligibility requirement.

(2) Participants not using mass transportation for every workday, or working compressed work schedules, will calculate mass transit fare costs based only on days they commute to and from the workplace using a QMOT.

(3) Vanpool participants who do not ride in a qualified vanpool for at least fifty (50) percent of the working days in a month are eligible for the pro-rated certified commuting cost for the days that QMOT was used. Participants are responsible to repay the Federal Government the difference between their eligible pro-rated certified commuting cost and the amount of transit benefits used if the transit benefit used was greater than the pro-rated certified commuting cost.

h. All vanpool participants, whether Federal employees or non-Federal employees, must pay the same rate for the same vanpool service. Non-Federal employees cannot be subsidized through the DON TIP ONCR.

j. In order to receive transit benefits from DON TIP ONCR participants, vanpools must register in the TIPS at <https://tips.navy.mil>. Each vanpool must identify a DON employee to serve as the vanpool coordinator for purposes of updating and maintaining the vanpool registration in TIPS.

k. Vanpool coordinators must recertify that the information provided in the vanpool registration is accurate and complete on a quarterly basis. Vanpools that include fuel expenses as a part of their certified commuting cost must review and update, if necessary, their estimated fuel cost during each vanpool recertification period. Upon review of the vanpool registration Reviewing Officials will determine if the vanpool is a QMOT.

l. A vanpool invoice or receipt is required to substantiate the actual commuting cost for each vanpool participant receiving a TIP benefit. A current invoice or receipt must be uploaded to the vanpool registration in TIPS during each quarterly recertification period. In accordance with reference (d), the local Reviewing Official has the authority and responsibility to determine the reasonableness of commuting cost.

(1) For vanpool companies that issue individual receipts for each participant, the actual commuting cost for that individual should equal the amount on the invoice or receipt.

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(2) For vanpool companies that issue one invoice or receipt for the entire vanpool, the actual commuting cost for each individual should equal the total amount of the invoice or receipt divided by the number of actual physical seats in the vehicle regardless of whether those seats are currently occupied by a rider. TIP may not be used to offset the cost of empty seats in a vanpool.

(3) For vanpool companies that issue one invoice or receipt for the entire vanpool and whose vanpool has more riders than the number of actual physical seats available, the actual commuting cost for each individual should equal the total amount of the invoice or receipt divided by the number of actual physical seats.

m. The vanpool must maintain a vanpool log to document, on a daily basis, which participants are using the vanpool to commute to and from work.

(1) All benefit participants must sign the vanpool log at the end of the month to certify that the vanpool log accurately reflects the participant's actual riding history. Participants who ride a qualified vanpool in the morning only or evening only shall be recorded as riding one-half of the commuting days.

(2) Vanpool logs must be uploaded to the Vanpool Manager in TIPS by the fifth calendar day of the following month. Reviewing Officials shall review the vanpool logs to confirm that the riders have met the individual riding requirement and that the vanpool has met the 80/50 rule. Upon review of the vanpool logs Reviewing Officials will determine if the vanpool is a QMOT. Failure to submit vanpool logs or to meet QMOT requirements by the monthly deadline may result in the disruption of future benefits.

7. My point of contact for this matter is Mrs. Lakeesha Perry who can be contacted at lakeesha.perry@navy.mil.

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