# Cycle to Work Scheme

Information Pack

We are delighted to be able to offer you a bicycle through the Government’s Cycle to Work scheme, saving you up to

**42% of the retail value**

(Depending on your tax bracket)

### If you choose to join the scheme, you will be issued with a cycle voucher /letter of collection for your chosen value.

You will pay for the bicycle in easy instalments, through payroll via a salary sacrifice, generally over a 12-month period. The Government concession allows for the instalments to be made from gross pay, not net pay, which means tax and national insurance are saved on the value of the bike and accessories.

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| --- | --- |
| **Example:****Retail value of Bicycle and Accessories** |  **Cost to you \***  |
| Basic Rate Taxpayer Assuming: | Higher Rate Taxpayer Assuming: |
| 20% Tax 12% NI | 40% Tax 2% NI |
| £100 | £68 | £58 |
| £1000 | £680 | £580 |

***\*subject to any ownership transfer cost***

# Frequently Asked Questions

## What is a qualifying Journey?

The tax exemption only applies when an employee mainly uses the bicycle and accessories for qualifying journeys. A qualifying journey for an employee means a journey, or part of a journey, between home or the workplace, or between one workplace and another. So, for example, cycling to and from the train station to get to work would qualify. In this case, 'mainly' means that more than 50% of use of the bicycle and accessories must involve a qualifying journey. Once the scheme has finished and if you take ownership of the bicycle, the bicycle can then be used for any purpose.

## What can I use the bicycle for?

Whilst you are in the scheme, at least half of the journeys made using the bicycle should be between your home and your place of work. (The use could cover a leg of your journey - for example - from home to your local train station). Once the scheme has finished and if you keep the bicycle, the bicycle can then be used for any purpose.

 **Please note that there is no requirement on you or your employer to keep any records of journeys made**.

## Where can I get my Bicycle and accessories?

There will be an extensive range of bikes available from the chosen bike provider(s) and further details of brands and shops available are provided on the scheme page.

## What is a Salary Sacrifice?

In return for your employer providing you with bicycles, you are agreeing to give up (sacrifice) part of your salary. This is a variation to the terms of your contract of employment, which allows your employer to provide you with the equipment free of income tax and national insurance.

## What are the implications of the Salary Sacrifice?

**Employer Provided Benefits** - Because you are agreeing to a reduction in your salary for the duration of the scheme, your entitlement to certain other benefits provided by your employer, which are based on your level of salary, may be affected. The effect is likely to be small or there may be no effect, but consideration should be given to benefits such as pension (especially if you are approaching retirement and are in a defined benefit, final salary scheme), severance and redundancy payments, maternity and paternity allowances, bonuses and overtime/ shift work allowances. Your employer will be able to give you further information, which will be specific to your circumstances.

**Statutory Benefits** - Some benefits, such as State Pension, Incapacity Allowance and Jobseekers Allowance are based-on the level of your National Insurance Contributions. If your earnings fall below the Lower Earnings Limit (LEL) as a result of entering into the scheme, your eligibility to receive such benefits may be reduced or you may become ineligible. Your local Social Security Office can advise and give further information. If you have paid enough national insurance contributions on your income, your Basic State Pension will not be affected. If your earnings fall between the Lower Earnings Threshold and the Upper Earnings Limit, your entitlement to the State Second Pension may be affected. For advice regarding state pensions, you can visit your local Social Security Office or Pensions Centre or alternatively visit [**www.thepensionservice.gov.uk**](http://www.thepensionservice.gov.uk/)**.**

Certain Statutory Payments, including the higher rate of Statutory Maternity Pay (SMP) and Statutory Adoption Pay (SAP) are based-on your average earnings, which may be reduced by joining the Cycle to Work Scheme. If you have any concerns regarding the effect of a salary sacrifice on your benefit entitlements, you can either visit your local Social Security Office or you can visit the website [**www.jobcentreplus.gov.uk**](http://www.jobcentreplus.gov.uk/)**.**

## What if I am on the National Minimum Wage?

A salary sacrifice agreement cannot be entered into by any employee if the result is to take the hourly pay below the National Minimum Wage. The National Minimum Wage applies in bands for those aged 16 and over. The wage rates are revised on 1st October every year and published at [**http://www.hmrc.gov.uk/paye/payroll/day-to-**](http://www.hmrc.gov.uk/paye/payroll/day-to-day/nmw.htm)[**day/nmw.htm**](http://www.hmrc.gov.uk/paye/payroll/day-to-day/nmw.htm). Whilst you may not be able to enter into a salary sacrifice agreement, you may still participate in the cycle to work scheme. If you think you may be affected, please contact Fair Care on 0800 652 4745.

## Can I cancel part way through the scheme?

Once you have signed and returned the agreement, you will not be able to cancel the scheme part way through. The salary sacrifice will continue for the full period of the agreement unless you cease employment with your employer before the agreement finishes.

## What happens if I leave the company before the scheme finishes?

If you cease to be employed by your employer for any reason you will have to pay to your employer the amount by which your salary would have been reduced for the remainder of the scheme period. This will normally be deducted as a lump sum from your final net pay. Therefore, you will lose the tax and national insurance savings on this lump sum. You can continue to use the Goods until the hire period ends – See FAQ “Who owns the equipment and what happens at the end of the agreement?”

## Do I need to insure the Bicycle?

You must insure the bicycle under your normal policy and if applicable, note you’re the bike providers interest.

## Who owns the equipment and what happens at the end of the agreement?

There's no automatic entitlement for you to take ownership of the Goods at the end of the hire period. However, the bike retailer will offer a number of options including zero-cost extended hire arrangement or to purchase the Goods at the fair market value at that time (plus VAT).

The circumstances and terms of the disposal of the Goods are not necessarily governed by the Hire Agreement but are indicated within the bike retailers FAQ’s & hire agreement which you will be able to access and sign as part of the application process from the cycle to work benefits page or module on your employers portal.

## Can I take part in more than one scheme?

## Technically, you can apply each time your employer runs a scheme. However, your employer will typically decide to prevent you from joining another scheme until your first hire period has ended.

## Your Safety

You are, at all times, responsible for your own safety when riding the bicycle. Your employer or bike retailer will not be held liable in the event of an accident, whether riding to or from work or otherwise. You are also responsible for ensuring that the bicycle and accessories are appropriately maintained, in accordance with the manufacturer’s instructions.

## Any other questions?

This scheme is operated on our behalf by Fair Care. If you have any questions regarding the scheme, please contact the Fair Care helpdesk on **0800 652 4745.**