CYCLE TO WORK SCHEME

The College has established a scheme through an outside organisation, Cyclescheme, which enables employees of the College to purchase bikes under a “salary sacrifice” scheme. This has the effect of reducing the cost of the bike, without resulting in a taxable benefit in kind. The scheme is open to all permanent employees on contracts with at least 12 months to run, who have passed their probationary period.

Obtaining a bike

Firstly visit the Cyclescheme web site, which gives more details of the process, and also lists the participating cycle dealers. The link to use is www.cyclescheme.co.uk/d7523f as this is personalised for the College. If you are asked for an employer reference please use d7523f.

You then choose a bike and accessories from a participating dealer and obtain a written quote. **Total value must be under £2,000**. Accessories can include items such as helmets and other safety wear.

Follow the web site links to request a secure voucher from the Cyclescheme web site. The site lists the information you will need to provide. The request is sent by Cyclescheme to the College for approval. If this is given you will then receive a voucher to take to the shop together with your identification. Cyclescheme buys the bike and charges the College for it.

You complete a hire agreement and the College deducts payments over 12 months through payroll.

It is important to note that although you do not own the bike at this stage you are responsible for it and are advised to take out appropriate insurance. Cyclescheme offers a policy but in many cases your household insurance can be extended to cover this. If the bike is stolen you remain liable to complete the repayments.

At the end of the year an ownership fee is due if you wish to keep the bike. The fee enables you to retain the bike whilst avoiding any benefit in kind liability.

This is done through Cyclescheme. Market value is set according to HMRC guidelines to ensure that no taxable benefit arises.

As a guide this is 25% of original cost for a bike costing over £500 (18% if under £500). There is also the option to extend the hire period through Cyclescheme via their ‘Own it later’ scheme, where you pay a small refundable deposit (either 3% or 7% of your certificate value) and continue to use the equipment for 3 years. No other payments are required during this time and at the end of the 3 years no further payment or action is required to keep the equipment. Cyclescheme transfer ownership to you. Cyclescheme recommend this option since it is the cheapest option for the employee.

Benefits

The payroll deductions are taken from gross salary. Thus there is a saving of tax and national insurance for the employee. Typically this will be 20% tax and 8% NI. So a £500 bike will cost around £360 plus the ownership fee of £90 for ownership immediately after the 12 months or £15 under the ‘own it later’ scheme. Any benefit will depend on your personal tax situation and the scheme may not be appropriate for everyone. If you currently pay little or no tax then there is little to gain. The Bursary can look at individual circumstances if you wish.