

Cycle to work scheme



The Basics

You can provide your employees and directors with a bike, and associated safety equipment, without it producing a tax charge as long as certain conditions are met. One important condition for this exemption is that the bikes must be on a loan to the employee and not given. Most bike retailers offer a "Workplace Bikes" scheme to facilitate the loan of the bikes and to assist employers with the scheme.

What are the conditions to qualify?

- ✓ The cycles and equipment are available generally to all employees of the employer. This does not mean that everyone has to take it up, but it does mean that the offer has to be made to everyone. However, there is no requirement for the bikes to be offered on the same terms
- ✓ The employees have to use the bikes mainly for "qualifying journeys". This means home to work journeys using the bike
- ✓ The bike can be used for any other journeys as well, as long as that other use is not the main use
- ✓ Employees are not expected to keep detailed records of time spent cycling or miles travelled. Revenue & Customs guidance states that the test is satisfied unless there is clear evidence to suggest that less than half the use of the bike is on qualifying journeys. Their guidance goes on to say that if it is clear that there is substantial use of the bike for home to work travel then the inspector should not make special enquiries about this. We would suggest that when you open the scheme up, you make it clear that this is a 'Cycle to Work' scheme and the bikes should be mainly used for this
- ✓ You can provide the bike and safety equipment – use common sense for this as there is no definite list. Obvious things such as a cycle computer or waterproof clothing would not comply. Capital allowances will be due on the cost of the cycles and safety equipment
- ✓ You can use a salary sacrifice scheme to provide the "Cycle to work" scheme or just simply provide it at no cost to the employee. This is the company's choice. We can provide details of how a salary sacrifice scheme would work

Summary

The scheme is meant to encourage the use of cycles and is meant to be easy to implement. There are a number of bike retailers who will implement the scheme for your company, but you need to make sure it complies with the conditions.