

## Cycle to Work scheme FAQ's

### What is a tax free bike scheme?

Cycleplus and cycle2work is a government approved scheme that allows you to hire a bike and safety equipment from your employer for the purpose of commuting to and from work and for use at weekends and evenings. If you choose cycleplus you can order your bike from any participating local retailer, if you choose cycle2work you can order your bike from any Halfords store. The bike you hire will be provided at up to 42% less than the usual cost you would pay which can result in savings of up to £400\*.

### How does it work?

You can choose a bike up to the value of £1,000 from a list of local bike retailers provided to you or Halfords stores. The value is spread across a period of 12 or 18 months depending on how your company's scheme has been set up. This is commonly known as a salary sacrifice or salary exchange scheme. You agree with your employer that each month the payment will be deducted from your gross salary in return for the use of the bike and safety equipment you use for commuting. This element of salary will not have Tax or National Insurance applied to it, making this a Tax free benefit.

### Can I choose any bike?

As long as the store you choose to visit either stocks or can order the bike you want then you are not limited to any particular make or model, therefore you can choose the best bike that suits your needs and budget.

### How many times a week do I have to use my bike for work?

The bike hired through the scheme is provided on the basis that you intend to make at least 50% of your trips or part trips to work using the bike. However, there is no requirement for you to specify what days/months of the year you will do this or record trips. N.B. you may also use your bike for leisure and weekends and whilst you are on holiday.

### Will my pension & other State Benefits be affected?

Most pension schemes will continue to calculate your pension contributions on your original gross salary. If you are unsure please check with your employer. Effects on the S2P (formerly SERPS) are likely to be negligible (please refer to your company policy if you require further advice). Other benefits such as statutory sick pay and job seekers allowance are again unlikely to be affected.

### **I'd like to join what do I have to do?**

Firstly find out your local participating bike shop or Halfords store. You then visit the shop and choose your ideal package. To apply for your required Letter of Collection value, simply call 01908 303498 or log on to [www.cemexlifestyle.co.uk](http://www.cemexlifestyle.co.uk), and select Tax Free Cycle Scheme or Halfords Cycle2Work Scheme. Once your employer has received your application and you have been approved, a letter detailing your requested value will be sent to your home address. You then take this along to your local store or Halfords to collect your bike and safety equipment.

### **What happens if the bike gets stolen before the end of the agreement?**

It is important that you make suitable provision to safeguard the bike. You may take a specialist policy but it is often easier to add the bike to your usual household policy. If the bike is stolen your employer will continue to deduct the monthly value from your salary until the end of the agreement.

### **Do I need to maintain the bike myself?**

You are responsible for maintaining the bike for your own use. Your local shop or Halfords will be able to advise you about the necessary servicing depending on how you use your bike.

### **What happens if I go on unpaid leave?**

During approved unpaid leave such as extended Maternity leave or a career break the hire agreement is likely to be suspended by your employer until you return to work and full pay resumes.

### **What happens if I leave my job before I've finished paying for my bike?**

Under the terms of the hire agreement you will agree to settle all outstanding monies before you leave. The outstanding balance will be deducted from your final net salary payment.

### **Will cycleplus/cycle2work affect my Tax credits?**

Most staff will benefit from joining the scheme. Current advice suggests that bike schemes are unlikely to affect Child Tax Credits. If you are in receipt of Working Tax Credits due to a lower household income then this may cancel out any benefit you gain from the scheme. As everybody's circumstances are different we recommend you contact the Inland Revenue on 0845 300 3900 if you are unsure.

### **What are the benefits of participating in the scheme?**

- You can save up to 42% in Tax and National Insurance
- You pay monthly and so can spread the cost
- You can choose from any make or model available from a range of local bike shops or Halfords stores
- You can improve your health and fitness along with reducing your carbon footprint

### **Who is eligible?**

Cycleplus and cycle2work are governed by the Department for Transport. In order to receive the Tax benefits resulting from a salary sacrifice arrangement you will need to be a UK taxpayer, who can benefit from the Tax efficiencies of the scheme.

### **What value of bike can I choose?**

You can choose to take between £100 and £1,000. When deciding on a bike value it's important to consider carefully the amount you can afford and the type of bike that best suits your needs. Once you have chosen your value, completed the hire agreement and received your Letter of Collection you will not be able to increase or decrease the amount you have chosen.

### **Can I use the scheme to get a bike for a family member, partner or friend?**

No - the bike must be used by you and mainly for the purpose of commuting to work. However the bike can be used in leisure time so you may use the bike in your free time to cycle with friends and family.

### **Can I apply for more than one bike?**

Yes you can apply for a maximum of 2, providing that you use both the bikes for commuting to and from work.

### **Is the bike mine straight away?**

The bike and goods remain the property of your employer for the duration of the agreement. At the end of the hire period you may be given the opportunity to take ownership of the bike at a fair market value (plus VAT).

### **What happens if I do not want to keep the bike at the end of the agreement?**

If you choose to become the owner of the goods, you may be offered the opportunity to do this at fair market value. This amount is not Tax and National Insurance free. If you choose not to buy the bike you will be charged the equivalent of the Fair Market Value to dispose of the goods. The fair market value cannot be specifically stated before or during the scheme as this could be considered a benefit in kind and hire-purchase does not warrant any Tax-relief.

### **What is a salary sacrifice arrangement and how are the savings made?**

Salary Sacrifice or Salary Exchange basically means you have agreed with your employer to exchange a proportion of your salary in return for some form of non cash benefit, in this case the hire of a bike.

\*savings based on a higher rate tax payer