



Using the Bike to Work scheme, your company can purchase a brand new bike and safety equipment worth up to 1,000 euro tax free, for your employees. You can use a salary sacrifice arrangement to allow your employees to pay for the bike monthly. This means that means that the employees save up to 52% of the retail price of bike and equipment but your company also makes a saving of 10.75%.

As the bicycle and/or safety equipment are exempt from tax the employee/director will not be liable to income tax at his or her marginal rate, employee's PRSI or USC on the cost of the benefit, as reflected in the amount of the salary sacrificed.

The employer benefits as employer's PRSI is not payable on the cost of the bicycle and/or safety equipment. Note, however, that employers will not be able to reclaim the VAT paid on the bicycle and/or safety equipment.

### Can employees choose the bicycle/safety equipment themselves?

It is for employers to decide how they will operate the scheme. Some employers may allow employees to select the bicycle/safety equipment from the retailer of their choice and the employer may then put in place appropriate invoicing and delivery arrangements with the retailer. Other employers may offer more limited options to employees. An employer could, for example, allow any employee to choose only from the range available from a single retailer.

### How does the scheme work?

The scheme may be implemented under a salary sacrifice arrangement through the employee's payroll. Under this arrangement the employer provides the bicycle and/or safety equipment to the employee who agrees to forego or sacrifice part of his or her salary every pay period (weekly/fortnightly/monthly) in order to cover the cost of the benefit. In the specific context of the provision of the bicycle and/or safety equipment Revenue will be prepared to regard salary sacrifice arrangements which meet the following conditions as being effective for tax purposes:

1. There must be a bona fide and enforceable alteration to the terms and conditions of employment (exercising a choice of benefit instead of salary);
2. The alteration must not be retrospective and must be evidenced in writing;
3. There must be no entitlement to exchange the benefit for cash;
4. The choice exercised (i.e. benefit instead of cash) cannot be made more frequently than once in a five year period; and
5. The choice exercised (i.e. benefit instead of cash) must be irrevocable for the relevant year for which it is made

### There are multiple benefits for a company to introduce its own cycle to work scheme:

- **Improving Your Company's Environmental Image:** Encouraging cycling to work reduces carbon pollution and shows the employer has a keen interest in the well-being of the local community and environment. This will improve the company's corporate image and demonstrate corporate social responsibility.
- **Improving Staff health, fitness and morale:** A healthier, fitter workforce means better performance at work and fewer sick days being taken. Furthermore, the employer is seen to be concerned about employees welfare. The Scheme also offers a tangible benefit to staff in addition to the basic salary package.
- **Reducing Parking and Congestion Problems:** Relieve pressure on corporate parking and traffic congestion.
- **Introducing a cycle to work scheme will reduce traffic congestion and subsequently pollution on the roads in the surrounding area.** Furthermore, fewer allocated spaces will be needed/demanded in the workplace for parking

### There are a host of benefits available to employees including:

- Huge savings on bikes and accessories
- Employees will qualify for a saving of up to 52% off the retail cost of bikes and accessories. Monthly payments with no finance charges.
- Save on monthly fuel, parking, car and train fare bills.
- Enjoy the health benefits of commuting to work.

Additional information is available on the Revenue Website at:

<http://www.revenue.ie/en/tax/it/leaflets/benefit-in-kind/cycle-work-fags.pdf>

**If you would like more information or would like to discuss any other areas of interest,  
please contact us on : Tel: 01 6012600**

**Email: [john@lyonscalzoaccountants.ie](mailto:john@lyonscalzoaccountants.ie) or go to [www.lyonscalzoaccountants.ie](http://www.lyonscalzoaccountants.ie)**

### *About Lyons & Calzo Accountants:*

Lyons & Calzo Accountants, Chartered Certified Accountants and Tax Advisors, has a proven track record and excellent reputation of providing support and assistance to organisations and businesses throughout Ireland. As members of the ACCA, the Irish Society of Insolvency Practitioners and other professional business networks, Lyons & Calzo Accountants is committed to keeping ahead of changes and developments in Irish and European taxation, legislative and financial requirements. Our existing client profile also ensures that we continue to be ahead of all the latest developments in your field of business.



*The offices of Lyons & Calzo Accountants, Unit A2 Celbridge M4 Business Park, Celbridge, Co Kildare*

*Please note that the above is intended to be a general guide to the various issues only and further advice should be obtained before taking, or refraining from taking, any action. This leaflet is intended to be informative and issues are condensed in the interest of clarity and brevity, and a more comprehensive examination of the issues is outside the scope*