

## Cycle to Work Scheme

### Introduction

With effect from 9<sup>th</sup> June 2009, SETU is now a participating employer in the Government tax incentive Cycle to Work Scheme, which aims to encourage more employees to cycle to work. The scheme is designed to facilitate employees' purchase a bicycle and/or associated cycle equipment tax-free. The key objectives of the scheme are to:

1. Encourage more employees to cycle to and from work
2. Contribute to lowering carbon emissions
3. Help reduce traffic congestion
4. Help improve health and fitness levels

### Basic Principles

The basic principles of the scheme are:

- An employee may purchase a bicycle and/or associated cycle equipment up to the value of €1,250 tax-free. For pedelecs or ebikes and related safety equipment the limit is €1,500. However, the bicycle must be paid for by the Institute in order to comply with the terms of the scheme.
- The bicycle and/or equipment must be used by the employee mainly for what is termed as 'qualifying journeys' (see below)
- The bicycle and/or equipment will be purchased by the employer. The employee will reimburse the employer for the cost of the bicycle (and any other related costs) through a salary sacrifice arrangement (see below)

### Eligibility

The scheme is eligible to all employees irrespective of contract status or duration.

### Qualifying Journeys

The bicycle and/or safety equipment must be used by the employee mainly for what is termed as 'qualifying journeys'. A qualifying journey is classified as the whole or part of a journey between the employee's home and place of work. An employee wishing to avail of the scheme will be required to submit a signed document (See Appendix) stating that the bicycle will be mainly used for qualifying journeys.

### How the Scheme will Operate

It is important to note that a key condition of the scheme is the requirement for the employer to purchase the bicycle. Therefore to avail of the scheme and its benefits the following steps must be taken:

1. Select a bicycle and/or equipment up to the value €1,250 or a pedelec/ebike and/or equipment up to the value of €1,500 from a bicycle shop/supplier of your choosing.
2. Request that the bicycle shop invoices/provides a quotation to SETU (HR Department – Carlow Campus) for the purchase of the bicycle. If the cost of the bicycle exceeds €1,250 or €1,500 depending on type, the excess amount must be paid by cheque and presented to the HR Department before the invoice can be paid in full. Alternatively, you may pay the supplier directly any sum in excess of the €1,250/€1,500 and in these circumstances the cost on the invoice will be €1,250/€1,500 or less.

3. Complete and return to HR the Cycle to Work Application Form and Cycle to Work Salary Sacrifice Form (see appendix)
4. Upon receipt of the invoice/quotation and completed form by HR and the Finance office, the purchase of the bicycle will be processed. You will be responsible for arranging the receipt of the cycle package.

## **Salary Sacrifice**

The Cycle to Work Scheme is a tax incentive scheme, as defined in the Finance Act 2008 as amended, which aims to encourage employees to cycle to and from work. Under the scheme employers, which includes SETU, can pay for bicycles and bicycle equipment for their staff members, where the staff member pays back through a salary sacrifice arrangement of up to 12 months. The staff member is required to reimburse the purchase amount to SETU through salary sacrifice, the details of which are captured in the Cycle to Work Salary Sacrifice Form (See Appendix). When applying to avail of the scheme, the staff member shall complete and submit this form. The key points to note are:

1. Deductions from salary must be made over a period not exceeding 12 months, or; if you are on a fixed term contract the deductions must be completed in full before your contract ends, e.g. if you have four months remaining on your contract the deductions must be made over that four month period.
2. Deductions will be of equal amounts, fluctuating deduction amounts will not be facilitated.
3. If your contract of employment is terminated for whatever reason you must repay in full any monies owed under the scheme before you finish employment with the Institute.

## **Scheme Terms & Conditions**

1. The tax-exemption will be limited to €1,250 (or €1,500 for pedelecs or ebikes). Where the cost exceeds this amount any excess must be paid directly to the Institute before the Institute can sanction payment to the supplier. (Alternatively you may pay the supplier directly any sum in excess of the €1,250/€1,500 and consequently present an invoice for €1,250/€1,500 or less).
2. The tax-exemption may only be provided to an individual employee once in a four-year period. Employees should note that if they avail of the scheme for even a small amount of expenditure relating to the provision of bicycles and/or safety equipment, they will not be able to avail of it again for four years.
3. Electric bikes (also known as 'pedelecs') are eligible for the scheme; including a bicycle or tricycle which is equipped with an auxiliary electric motor having a maximum continuous rated power of 0.24 kilowatts, of which output is progressively reduced and finally cut off as the vehicle reaches a speed of 24 kilometres per hour, or sooner if the cyclist stops pedalling.

## Appendix

### Cycle to Work Application Form

I \_\_\_\_\_, declare that the bicycle to be purchased by my employer on my behalf as part of the Government tax incentive Cycle to Work scheme\* is for my own personal use and will be used mainly for the purposes of qualifying journeys, where qualifying journeys are defined as whole or part (e.g. between home and train station) of a journey between an employee's home and normal place of work, or between his/her normal place of work and another place of work.

**Signed:** \_\_\_\_\_

**Date:** \_\_\_\_\_

### Cycle to Work Salary Sacrifice Form

I \_\_\_\_\_, Staff ID Number \_\_\_\_\_ agree that the sum of € \_\_\_\_\_ will be deducted in equal instalments from my salary between the period\*\* \_\_\_\_\_ to \_\_\_\_\_ in order to facilitate the purchase of a bicycle and/or cycle equipment as part of the Government tax incentive Cycle to Work scheme.

On termination of my employment for whatever reason I declare that I will repay in full any monies outstanding under this scheme. This will be taken directly from my salary payments and any outstanding amounts will be refunded by me.

**Signed:** \_\_\_\_\_

**Date:** \_\_\_\_\_

*\* As defined in Section 7 of the Finance (No. 2) Act 2008, the Institute does will not be liable for or have any responsibility whatsoever for the performance, maintenance or use of the Cycle Package purchased and will not be in any way responsible or liable for any claims, loss, damage or personal injury caused as a result of use of the Cycle Package.*

*\*\* The period cannot be for more than 12 months, or cannot exceed the duration of the contract.*

## Scheme History

<b>Version</b>	<b>Issue Date</b>	<b>Approved by</b>	<b>Details of Change</b>
1.0	June 2009		Initial Release
2.0	June 2021		Price and time limits updated
3.0	May 2022		Updated to SETU