

## CYCLE TO WORK SCHEME POLICY

**BUXTON**

Buxton Building Contractors Limited

All Buxton Building Contractors Limited employees are now able to benefit from a cycle to work scheme as part of their remuneration. The company has chosen Evans Bike to Work as our preferred cycle to work voucher provider.

### PURPOSE

The purpose of the Cycle to Work Scheme is to provide staff with a means by which you can in effect hire cycles and cycle equipment from the Company, as a tax exempt benefit, to be used mainly for commuting to and from work.

### SAVINGS THAT COULD BE ACHIEVED

The substantial savings available through the scheme are achieved by reducing gross salary.

This means Income Tax and National Insurance Contributions are not paid on that part of the salary being sacrificed.

Employees can apply for any amount up to £1000.

The table below shows costs and savings over the 12 month salary sacrifice.

| <b>RIDE-TO-WORK EXAMPLE<br/>CERTIFICATE VALUE</b> | <b>£300</b>   | <b>£600</b>   | <b>£750</b>   | <b>£1000</b>  |
|---|---------------|---------------|---------------|---------------|
| Gross monthly salary reduction                    | £25           | £50           | £62.50        | £83.33        |
| <b>BASIC RATE TAX PAYER</b>                       |               |               |               |               |
| Net monthly cost – after tax savings              | £17           | £34           | £42.50        | £56.67        |
| Total Cost  | £204          | £408          | £510          | £680          |
| <b>TOTAL SAVINGS</b>                              | <b>£96</b>    | <b>£192</b>   | <b>£240</b>   | <b>£320</b>   |
| <b>IN TAX AND NATIONAL INSURANCE</b>              | <b>or 32%</b> | <b>or 32%</b> | <b>or 32%</b> | <b>or 32%</b> |
| <b>HIGHER RATE TAX PAYER</b>                      |               |               |               |               |
| Net monthly cost – after tax savings              | £14.50        | £29           | £36.25        | £48.33        |
| Total Cost  | £174          | £348          | £435          | £580          |
| <b>SAVINGS</b>                                    | <b>£126</b>   | <b>£252</b>   | <b>£315</b>   | <b>£420</b>   |
| <b>IN TAX AND NATIONAL INSURANCE</b>              | <b>or 42%</b> | <b>or 42%</b> | <b>or 42%</b> | <b>or 42%</b> |

At the end of the hire period, the assets are transferred to the employee. There is a small tax charge on this benefit in kind, being either a 20% or 40% tax charge on 25% of the value of the bike.

The company has also negotiated, as part of our scheme, the following additional free benefits:

1. Up to £50 of free accessories with each new bike
2. Free 6 week bike check
3. Half price servicing
4. Low cost cycle insurance to keep your employee's bike protected
5. Free Ride It MTB or sportive event entry

### **WHAT CAN THEY BE USED FOR**

The company scheme can be used for adult bikes and/or cycle safety equipment up to £1000, which can be purchased on the scheme. Safety equipment e.g. helmet, lights, lock, hi-viz clothing can be purchased with or without a bike to allow all cyclists to benefit from the scheme.

### **HOW DOES THE SCHEME WORK**

#### **SALARY SACRIFICE**

The tax exemption is enabled when an employee agrees to reduce part of their gross salary in return for a non-cash benefit, such as the hire of a bike and accessories through this scheme. The salary sacrifice will take place over a period of 12 months, during which time the employer recovers their costs for purchasing the equipment.

#### **HIRE AGREEMENT**

The scheme must be administered through a formal hire agreement between employer and employee. This agreement covers the length of the hire term, the cost of the monthly salary sacrifice deductions and important conditions such as what happens in the event an employee leaves. The term of the agreement will be 12 months.

### **PROCESS TO START BENEFITTING FROM THIS SCHEME**

1. Decide what you would like to purchase by visiting your local Evans Cycles store or go online at [www.evanscycles.com](http://www.evanscycles.com).
2. Work out the retail cost of the bike and/or accessories. Request a certificate to this value and agree the terms of the hire agreement.
3. Your application will then be approved by the company and your certificate will be emailed to you.
4. You redeem your certificate in any Evans Cycles store, online or via their telephone mail order service.
5. Your salary sacrifice deductions commence from the next salary payment.

This scheme does represent a good taxation saving for all employees wishing to take part.

If you require any further information, please feel free to contact our provider on:

Evans Bike to Work 01293 572325

Email: [ride-to-work@evanscycles.com](mailto:ride-to-work@evanscycles.com)

Web: [www.evanscycles.com/ride-to-work](http://www.evanscycles.com/ride-to-work)