

An Roinn Oideachais & Eolaíochta
An Rannóg Párolla
Cor na Madadh
Baile Átha Luain
Co. na Iarmhí



Payroll Division,
Dept. of Education & Science
Cornamaddy
Athlone
Co. Westmeath

Circular Letter 54/2009

To the Management Authorities of Primary, Secondary, Community and Comprehensive Schools

Cycle to Work Scheme

1 INTRODUCTION

The Minister for Education and Science wishes to inform management authorities of Primary, Secondary, Community and Comprehensive Schools of the introduction of the Cycle to Work Scheme. The scheme will apply to teachers, special needs assistants, clerical officers, caretakers and child care workers paid on payrolls operated by the Department of Education and Science as paymaster.

Legislation was introduced in the Finance (No. 2) Act 2008 which allows an employer to incur the expense of providing an employee with a new bicycle¹ without the employee being liable for benefit-in-kind taxation. The Legislation also permits the benefit-in-kind tax exemption to apply in the context of salary sacrifice, that is, where an employee agreed to forego or sacrifice part of his/her salary in lieu of the provision of new bicycle by the employer. The employee will not pay tax, PRSI, income levy or pension related deduction on the remuneration sacrificed.

The scheme allows an employer to purchase a new bicycle and/or bicycle safety equipment up to a value of €1,000 once every 5 years on behalf of an employee.

A guidance note on the scheme including a series of Questions and Answers provided by the Revenue Commissioners can be found at: <http://www.revenue.ie/en/practitioner/law/bik-exemption-for-bicycles.pdf>

The scheme applies only to new bicycles and bicycle safety equipment purchased from approved suppliers. [A list of suppliers is available on the OPW web site at <http://www.opw.ie/en/OurBusinessUnits/GovernmentSuppliesAgency/Cycle-to-WorkScheme/>. Note that the list may be limited at the outset but shops and suppliers may apply to join at any stage.]

For the purpose of the Cycle to Work Scheme, any reference to employer in this circular can be taken as a direct reference to the Department of Education and Science, as paymaster. Any reference to employee relates to the individual primary or second level teacher, special needs assistant, clerical officer, caretaker or child care worker.

¹ The scheme also applies to safety equipment relating to cycling.

2 REQUIREMENTS OF THE SCHEME

Salary sacrifice by an employee in respect of the bicycle will be acceptable to the Revenue Commissioners as being effective for tax purposes under the following conditions:

1. There must be a bona fide and enforceable alteration to the terms and conditions of employment, i.e. 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
5. The choice exercised must be irrevocable for the relevant year for which it is made.

The salary sacrifice will have no impact on pension contributions or on pension benefits.

3 APPLICATION FOR THE SCHEME

The scheme will be introduced for the 2010 calendar year.

Completed applications must be forwarded to the appropriate Payroll Section in the Department of Education and Science, Cornamaddy, Athlone no later than 15th December for the following calendar year i.e. applications for 2010 must be forwarded to the Department by 15th December 2009. See Section 5 below for application details for SNAs for 2010 only. No application will be accepted in respect of bicycles / cycle safety equipment purchased prior to the date of this circular.

Individuals wishing to avail of the Cycle to Work Scheme will be required to:

1. Complete an Application Form (Appendix 1) which outlines the items to be purchased, and
2. Sign the Salary Deduction Authorisation Form (Appendix 2) and
3. Read and agree to the conditions governing the scheme (Appendix 3).

These forms can be downloaded directly from this Department's website, www.education.gov.ie in the Section "Education Personnel", "Payroll", "General Payroll Information".

The application must be completed in conjunction with the supplier. It will contain information on the new bicycle/cycle safety equipment supplied and the details of the supplier. The supplier must attach the relevant invoice. The supplier must also accept that the payment from the Department will be made by Electronic Funds Transfer (EFT) only.

4. SALARY DEDUCTION

The Salary Deduction Authorisation Form will set out the salary sacrifice for the items requested.

Salary deductions will commence in February. See Section 5 below for commencement arrangements for SNAs for 2010 only. All salary deductions must be completed by the last payroll in November. In the case of applicants employed under a regular part time contract due to expire in August, deductions must be completed by the last payroll in August. An employee may opt to complete salary deductions over a shorter period

Once the Salary Deduction arrangements have been put in place, the bicycle / cycle safety equipment may be collected from the supplier.

5. ARRANGEMENTS FOR SNAs FOR 2010.

Completed applications from Special Needs Assistants must be forwarded to the Non Teaching Staff Payroll Section in the Department of Education and Science no later than 28th February 2010.

Salary deductions will commence in April 2010. All salary deductions must be completed by the last payroll in November. An employee may opt to complete salary deductions over a shorter period

6. DISSEMINATION OF INFORMATION

Management authorities are requested to bring the contents of this Circular to the attention of all teachers, special needs assistants, clerical officers, caretakers and child care workers in their schools paid on payrolls operated by the Department of Education and Science as paymaster. This circular can be accessed on the Department of Education and Science web page: www.education.ie.

7. QUERIES

Queries regarding the operation of this scheme should be directed by email to the appropriate Payroll area:

Primary_Payments@education.gov.ie,
ppppayroll@education.gov.ie or
NTSPayroll@education.gov.ie

P. Maloney.
Principal Officer.

September 2009.

**Cycle to Work Scheme
Application Form**

To: Cycle to Work Scheme
Payroll Division
Department of Education and Science
Athlone, Co. Westmeath

Please clearly mark envelope "Cycle to Work Scheme" and "Primary Payroll", "Post Primary Payroll" or "Non Teaching Staff Payroll" as appropriate.

Please circle as appropriate:

Current post: Teacher or Non teaching staff

Sector: Primary or Post Primary

1 Employee Personnel Details

Name: *(as on payslip)* _____

Home Address _____

Contact Telephone No. _____ School roll number _____

PPS No.: *(as on payslip)*

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Payroll No.: *(as on payslip)*

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2 Supplier details

Supplier Name _____ VAT Number _____

Supplier's Bank details for EFT Payment:

Bank Account No.

--	--	--	--	--	--	--	--	--	--

Bank Sort Code

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Bank Name & Address _____

Please ensure that the bank account is within the Republic of Ireland and will support the Electronic Money Transfer System.

3 Details of Bicycle /Cycle Equipment Ordered

Goods	Description	Price inclusive of VAT
Bicycle		
Cycle helmet conforming to European standard EN1078		
Bells and bulb horn		
Lights including dynamo packs		
Mirrors and mudguards		
Cycle clips and dress guards		
Panniers, luggage carriers and straps		
Locks and chains		
Pumps, puncture repair kits, cycle tool kits and tyre sealant		
Reflective clothing along with white front reflectors and spoke reflectors		
<u>Total</u>		

Attach Invoice For Bicycle /Cycle Equipment of Total Ordered.

**Cycle to Work Scheme
Salary Deduction Authorisation Form**

I hereby authorise a salary sacrifice of € _____ as per invoice of my annual basic salary in lieu of the provision of new bicycle/cycle safety equipment by the Department of Education and Science. I realise that this arrangement will operate until the salary sacrifice has been recouped and that the deductions will be reflected in my pay slips over that period (February to November).

I declare that the bicycle / cycle safety equipment supplied under this scheme is for my personal use and will be used primarily for qualifying journeys, i.e. journeys to or from work and/or between places of work and that such use is subject to any rules or conditions that are in force concerning the operation and use of the equipment.

I understand that I should use the bicycle in line with all rules and regulations as set out by the Road Safety Authority (RSA) and make use of proper cycle safety equipment at all times.²

I have read and I agree to Cycle-to-Work Scheme conditions and circular 54/2009.

To be completed by an employee who wishes to complete the salary deductions over a shorter period;

I wish to complete the salary deductions by _____ (date)

NAME _____
BLOCK CAPITALS PLEASE

PPSN _____

Signed: _____

Date: _____

² Please see RSA web site <http://www.rulesoftheroad.ie/rules-for-pedestrians-cyclists-motorcyclists/index.html>

Data Protection

The Department of Education and Science will treat all personal data you provide on this form as confidential and will use it solely for the purpose intended. The information will only be disclosed as permitted by law or for the purposes listed in the Departments registration with the Data Protection Commissioner - REF 10764/A

If the information you have provided is to be used for purposes other than outlined in the Departments registration with the DPC your permission will be sought.

Cycle to Work Scheme Conditions

1. The applicant must be employed in a Permanent, Contract of Indefinite Duration (C.I.D), fixed term, or Regular Part Time capacity at the date of application. The employment must be capable of lasting until the salary sacrifice has been recouped.
2. The employee must sacrifice or forego part of his/her annual basic salary in lieu of the provision of new bicycle/cycle safety equipment by the Department. This arrangement will operate until the salary sacrifice has been recouped and this will be reflected in his/her pay slips over that period.
3. The new bicycle/cycle safety equipment acquired under the scheme must be used primarily for the purpose of transport to or from work and/or traveling between work places.
4. When purchasing a new bicycle, the employee must be aware that the National Safety Authority of Ireland implements on behalf of the European Commission certain bicycle safety standards. Bicycles that comply with such standards are presumed to comply with the EU General Product Safety Directive 2001/96/EC which lays down an obligation on producers to place safe products on the market. The relevant standards are;
I.S. EN14764:2006 - city and trekking bikes,
I.S. EN14766:2006 – mountain bikes,
I.S. EN14781:2006 – racing bicycles.
More information on these matters can be accessed at <http://www.nsai.ie>
5. The employee will not be able to cease his or her participation in the scheme prior to the expiry of the salary sacrifice arrangement, except in cases of termination of employment. Where employment is terminated before the expiration of the salary sacrifice arrangement, the employee must pay the balance due to the Department of Education and Science, which may be deducted from any outstanding payment due in termination of the employment. Where this is not possible, it may be then necessary for the Department of Education and Science to recover the balance due from the employee under the terms of Circular: Pay 15/04: Policy and Procedures for dealing with Overpayment of Salary/Allowances
6. Participation in the scheme will be limited to once in each five year period.
7. The scheme applies only to new bicycle/cycle safety equipment purchased from approved providers. A full list of providers is available from the OPW website: <http://www.opw.ie/en/OurBusinessUnits/GovernmentSuppliesAgency/Cycle-to-WorkScheme/>.
8. The payment for the bicycle / cycle safety equipment will be made to the supplier by the Department. It will be a requirement of the scheme for participating suppliers that all warranties relating to the bicycle/bicycle safety equipment will be for the benefit of the employee and all issues arising in relation to the warranties will remain between the employee and the supplier.
9. The employee acknowledges that the Department of Education and Science is not responsible or liable for the security, disposal, maintenance, repair and use of the bicycle or bicycle safety equipment.

10. The Department of Education and Science accepts no responsibility for misuse of bicycles or equipment by the employees and asserts that bicycles and bicycle safety equipment acquired by virtue of the scheme are strictly non transferable.