

Ref: E105/04/09

27th May 2009

Circular 16/2009: Cycle-to-Work Scheme

A Dhuine Uasail

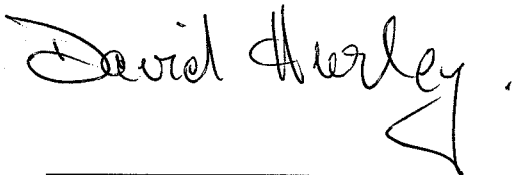
1. I am directed by the Minister for Finance to announce the introduction of the cycle-to-work scheme for the civil service.
2. Legislation was introduced in the Finance (No. 2) Act 2008 which allows an employer to incur the expense of providing an employee with a new bicycle¹ without the employee being 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 agrees to forgo 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 or income levies on the remuneration sacrificed.
3. 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.
4. A guidance note on the scheme including a series of Questions & Answers provided by the Revenue Commissioners can be found at:
<http://www.revenue.ie/en/practitioner/law/bik-exemption-for-bicycles.pdf>.
5. The instructions for the implementation of the scheme in the Civil Service are set out below. It will be operated for individual officers by their Department². Departments are requested to introduce the scheme with immediate effect.
6. The scheme applies only to new bicycles and cycle safety equipment purchased from approved providers. [A list of suppliers is available on the OPW website 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.]
7. The salary sacrifice by an officer in respect of the bicycle will be acceptable to the Revenue Commissioners as being effective for tax purposes under the following conditions:
 - There must be a bona fide and enforceable alteration to the terms and conditions of employment (exercising a choice of benefit instead of salary)
 - The alteration must not be retrospective and must be evidenced in writing
 - There must be no entitlement to exchange the benefit for cash.
 - The choice exercised (i.e. benefit instead of cash) cannot be made more frequently than once in a 5 year period.

¹ The scheme also applies to safety equipment relating to cycling

² All references to Department(s) should be regarded as referring also to Office(s).

- The choice exercised must be irrevocable for the relevant year for which it is made.
8. The salary sacrifice will have no impact on pension contributions or on pension benefits, in accordance with the rules of the Civil Service Pension Scheme.
 9. The salary sacrifice will have no impact on overtime and other allowances normally calculated as a percentage of basic pay.
 10. Individuals wishing to avail of the Cycle-to-Work Scheme must complete the Application Form (Appendix I) which outlines the items to be purchased and the Salary Deduction Authorisation Form and read and agree to Appendix II which specifies the conditions governing the scheme.
 11. The Application Form 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 Fund Transfer (EFT) only.
 12. The Salary Deduction Authorisation Form will set out the salary sacrifice for the items requested.
 13. Once the Salary Deduction arrangements have been put in place, the new bicycle may be collected from the supplier.
 14. **Personal enquiries from individual officers should be addressed to the Personnel Unit of the employing Department.** Any enquiries about this Circular from Departments should be sent by email to Travel.Policy@finance.gov.ie. This Circular is also available on the Department's website www.personnelcode.gov.ie.

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David Hurley
Principal

Cycle-to-Work Scheme
Application Form

To: Personnel Section
Department/Office of

From: _____
_____ Section

Personnel No.: _____
PPS No.:

Supplier's name: _____ VAT number: _____
Supplier's Bank details for EFT transfer [ONLY] :

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		
Total		

Attach invoice for bicycle/cycle safety equipment ordered

Cycle-to-Work Scheme
Salary Deduction Authorisation Form

I hereby authorise a salary sacrifice of € of my annual basic salary in lieu of the provision of new bicycle/bicycle safety equipment by the Department/Office of I realise that this arrangement will operate for a period of one year and that the salary sacrifice will be reflected in my pay-cheques and pay-slips over that period.

I declare that the bicycle/bicycle 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 bicycle safety equipment at all times.³

I have read and I agree to Cycle-to-Work Scheme Conditions together with Department of Finance circular 16/2009.

NAME:

Personnel No.:
(as on payslip)

Signed:

Date:

³ Please see RSA website <http://www.rulesoftheroad.ie/rules-for-pedestrians-cyclists-motorcyclists/cyclists/index.html> .

Cycle-to-Work Scheme Conditions

1. The officer must be employed on a permanent/probationary basis at the date of application. An officer employed under a fixed term contract will also be eligible to apply. The employment must be capable of lasting 12 months.
2. The officer must sacrifice or forgo part of his/her annual basic salary in lieu of the provision of a new bicycle/bicycle safety equipment by the Department. This arrangement will operate for a period of one year and the salary sacrifice will be reflected in the officer's pay cheques and pay slips over that period.
3. The new bicycle/bicycle safety equipment acquired under the scheme must be used primarily for the purpose of transport to and from work and/or travelling between workplaces.
4. When purchasing a new bicycle, officers should 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 2001/95/EC which lays down an obligation on producers to place only 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 bicyclesMore information on these matters can be accessed at <http://www.nsai.ie/>
5. The officer will not be able to cancel his or her participation in the scheme prior to the expiry of the one year period, except in case of termination of employment. Where employment is terminated before the expiration of the salary sacrifice arrangement, the officer must pay the balance due to the employer, which may be deducted from any outstanding payments due to the officer on termination of their employment.
6. Participation in the scheme will be limited to once in each five year period.
7. The scheme applies only to new bicycles/bicycle safety equipment purchased from approved providers. A 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/bicycle safety equipment will be made by the Department, but 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 Officer and all issues arising in relation to the warranties will remain between the officer and the supplier.
9. The officer acknowledges that the Department is not responsible or liable for the security, disposal, maintenance, repair and use of the bicycle or bicycle safety equipment.
10. The Department accepts no responsibility for misuse of bicycles or equipment by its employees and asserts that bicycles and bicycle safety equipment acquired by virtue of this scheme are strictly non-transferable.