

Tax-free bike schemes for employees

“Have fun and get fit cycling to work!”

**Presentation by:
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Cyclescheme Ltd.**

Background

- Government's Green Transport Plan- 1999
- Purchase of bicycle and safety equipment by employers, who operate a salary sacrifice scheme and a regulated hire agreement
- Empowers all employees to use the bicycle for commuting, leisure with a discretionary choice to buy the bike at the end of the hire period
- Supplied by a nationwide network of independent bike dealers and chain stores

Benefits to Employer

- Employer NI contribution savings 12.8%
- Corporation tax savings
- Brighter, fitter and more punctual staff
- Excellent flexible benefit
- Generates goodwill
- Increases loyalty
- Solution for green travel plans and over-crowded car parks!

Benefits to employees

Up to 50% saving on retail price from:

- VAT
- Income tax
- National insurance
- Use your preferred local bike outlet
- Infinite choice of brands
- Full warranty and servicing
- Expert advice for fitting and equipment
- Local source for insurance replacements

Worked example of £600 bike package repaid over 12 months

Standard (22%) rate tax

- Retail price: £600
- VAT: £89.36
- Retail less VAT: £510.64
- National Insurance saving: £56.16
- Income tax saving: £112.32
- Net cost of bike package: £342.16
- Net cost (salary sacrifice)
per month: £ 28.51
- **Employer savings**
- NI contribution: £54.47
- Fair market value payment: £15
- Corporation tax @ 25 to 40% £??

The players

- Halfords
 - Reasonable range of bikes and accessories
 - Generally low level of expertise on shop floor
 - No warranty on out-sourced bikes
- BOOOST
 - Home Computer initiative biased...
 - Some experience within bike industry
- 'Super' independent bike dealers
 - Limited range of bikes and accessories
 - Lack of nation-wide cover
 - Side-line activity – short termist

Cyclescheme

- Experts in the cycle industry
 - Source for advice and detailed admin
 - Fully supported Nationwide outlets
 - No limitation on choice of brands
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- Free standard service!
 - Free use of secure extranet

Welcome to

Cyclescheme Extranet



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PowerPoint Presentation

This presentation will explain
the process of using Cyclescheme
from start to finish in

7

simple steps



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Introduction

The first step in the process is for Cyclescheme to allocate the Human Resources manager a password to access our Extranet website:

myaccount.cyclescheme.co.uk

The manager will need to confirm full contact details when logged on

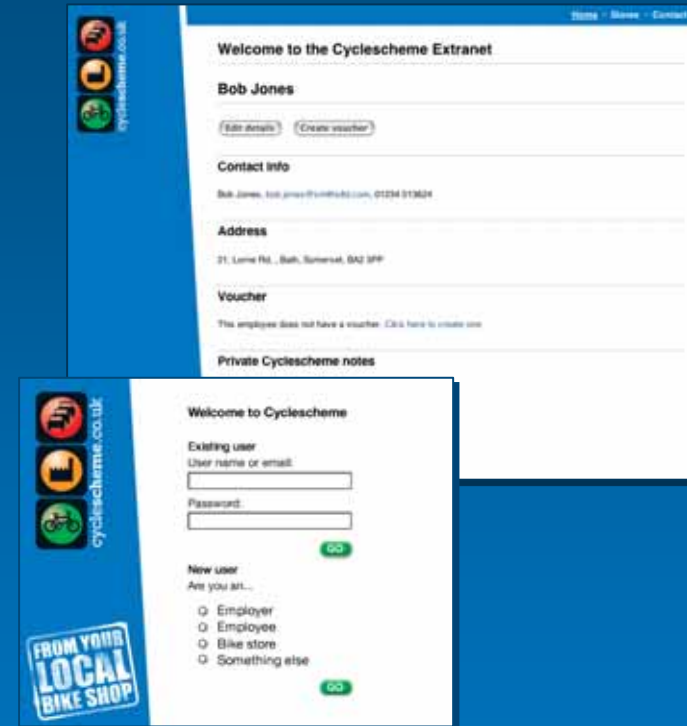


Step 1 of 7

The HR manager then distributes a web address to the employees

<https://myaccount.cyclescheme.co.uk/request/504650081140>

This can be emailed or advertised on employers intranet



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Step 2 of 7

To request a secure voucher the employees enter a description and cost of the equipment they require

The best way to get this information is to ask for a quote at a participating bike shop

The HR manager will also be able to manually create vouchers for those without access to computers



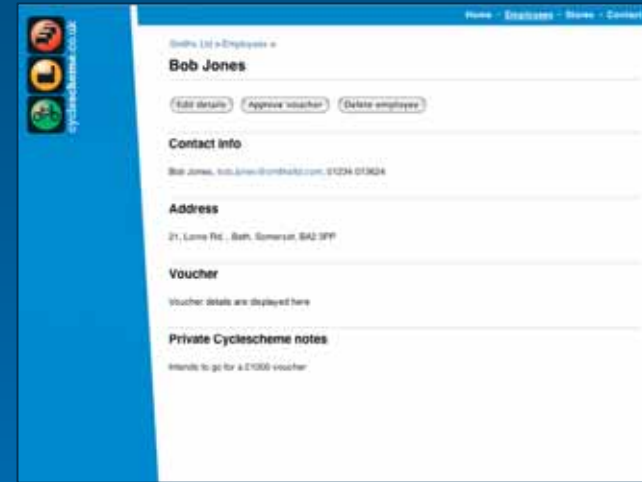
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Step 3 of 7

The HR manager is emailed automatically when an employee requests a secure voucher

The HR manager then checks eligibility before approving

The company will be invoiced upon approval. Companies using an election period will be provided with a detailed final report



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Step 4 of 7

When payment is received by Cyclescheme, the secure voucher, along with the hire agreement, is printed and sent to the HR manager for distribution to the employees



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Step 5 of 7

Once the employee has signed the hire agreement, they receive their secure voucher and are free to redeem it at a participating bike shop

The employee will need to show two forms of ID – both photographic and employee



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Step 6 of 7

The bike store records the purchase details on the back of the voucher and returns it to Cyclescheme

Upon receipt of the voucher, Cyclescheme will issue the shop with payment



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Step 7 of 7

The process is complete!

The employer has:

- Fit and healthy employees!
- Increased staff loyalty and retention
- Brighter and more productive employees
- Less car parking space to maintain
- Impressive tax benefits from saving:
 - National Insurance contributions
 - VAT
 - Corporation tax



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Completion

Talking Points

- Scheme restrictions
- Fair market value
- Scope of equipment
- Finance against self financed schemes
- Partner shops

Any questions?

Email us on info@cyclescheme.co.uk

Or call us on 01225 448933



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End of
presentation