



Circular Letter 0056/2020

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

Cycle to Work Scheme

1 INTRODUCTION

The Minister for Education wishes to inform management authorities of Primary, Secondary, Community and Comprehensive Schools of the terms and conditions for the Cycle to Work Scheme, effective from 1st August 2020. The scheme applies to teachers, special needs assistants, clerical officers, caretakers and child care workers paid on payrolls operated by the Department of Education as paymaster.

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. It is not possible for people paid solely through the On Line Claims System (OLCS), for example: casual or non-casual employees, substitute employees covering maternity leave, parental leave, sick leave, etc., to avail of the scheme.

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 bicycle without the employee being liable for benefit-in-kind taxation. Section 9 of the Financial Provisions (Covid-19) (No. 2) Act 2020 provides for increases to the allowable expenditure under the cycle to work scheme and also provides that employees and directors can avail of the scheme more regularly. 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 forego or sacrifice part of his/her salary in lieu of the provision of new bicycle and/or bicycle safety equipment by the employer. The total cost of the bicycle and/or bicycle safety equipment as stated on the invoice from the supplier will be deducted from salary and the employee will not pay income tax, PRSI, or Universal Social Charge on the remuneration sacrificed.

The scheme allows an employer to purchase a new bicycle or e-bike and/or bicycle safety equipment once every 4 years on behalf of an employee. For pedelecs or ebikes and related safety equipment the limit is €1,500. For cargo bikes or ecargo bikes the limit is €3,000. For other bicycles and related safety equipment the limit is now €1,250.

A guidance note on the scheme including a series of Questions and Answers provided by the Revenue Commissioners can be found at:

<https://www.revenue.ie/en/jobs-and-pensions/taxation-of-employer-benefits/cycle-to-work-scheme.aspx>

The scheme applies **only to new bicycles / ebikes and bicycle safety equipment** purchased from approved suppliers. A list of suppliers and further information on the cycle to work scheme is available on the Office of Government Procurement web site: <https://ogp.gov.ie/cycle-to-work-scheme/>

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, as paymaster. Any reference to employee relates to the individual primary or post primary teacher, special needs assistant, clerical officer, caretaker or child care worker.

2 REQUIREMENTS OF THE SCHEME

Salary sacrifice by an employee in respect of the bicycle / ebike 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 four-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

Individuals wishing to avail of the Cycle to Work Scheme are required to:

1. Read and agree to the conditions governing the scheme (Appendix 1).
2. Complete an Application Form (Appendix 2) which outlines the **bicycle / ebike and/or bicycle safety equipment** to be purchased.
3. Sign Part 5 of the application form Salary Deduction Authorisation and Declaration which sets out the salary sacrifice for the items requested, i.e. the **total cost** of the bicycle and/or bicycle safety equipment as stated on the invoice

Completed applications must be forwarded to the appropriate Payroll Section in the Department of Education, Cornamaddy, Athlone, Co. Westmeath. Incomplete forms will be returned to the employee. Applications for the scheme must be made on the forms attached to this circular. Completed applications can be submitted electronically using payroll eContact form available on the Department's website at [Payroll Contact Form \(education.gov.ie\)](https://education.gov.ie/Payroll-Contact-Form)

The application form can be downloaded directly from this Department's website, <https://www.gov.ie/en/service/c46800-cycle-to-work/> and posted to the relevant payroll.

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 and provide a business email address to enable a remittance advice to be issued to them by email.

Where the approved supplier is outside the Republic of Ireland, a bicycle purchased by the employer from a VAT-registered supplier in another EU Member State will be treated as an Intra-Community Acquisition for VAT purposes. The supplier should be given the employer's VAT number (available on request at the contact details set out in paragraph 6) and should not charge any VAT on the purchase. Further details can be found at: <https://ogp.gov.ie/cycle-to-work-scheme/>

4. SALARY DEDUCTION

Part 4 of the Application Form - *Applicant Salary Deduction Authorisation* sets out the salary sacrifice for the items requested. The following criteria should be noted regarding the deductions from salary:

- 1 Salary deductions will commence from salary on the earliest possible salary payment date following receipt of the application form.
- 2 All salary deductions **must** be completed by the last payroll in October of the calendar year in which they commence.
- 3 An employee may opt to complete the salary deductions over a shorter period.
- 4 In the case of applicants employed under a fixed term or regular part time contract, the deduction arrangements must be completed by the last pay day in August of the calendar year which they commence.
- 5 When an employee is scheduled to come off the payroll on a date before October/August of the year they apply for the scheme, the entire salary sacrifice must be recovered by their last salary payment.
- 6 In the exceptional event that the approved supplier is outside the Republic of Ireland, a bicycle purchased by the employer from a VAT-registered supplier in another EU Member State will be treated as an Intra-Community Acquisition for VAT purposes. In those circumstances the payroll section must be contacted at the details provided at paragraph 6 below before entering the salary sacrifice amount on the Salary Deduction Authorisation Form. For further details refer to Section 3 above of this Circular and the Office of Government Procurement web site: <https://ogp.gov.ie/cycle-to-work-scheme/>

Once the salary deduction arrangements have been put in place, payment will issue to the supplier and the bicycle / cycle safety equipment may be collected from the supplier. The employee will be notified in writing when the deductions will commence.

5. 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 as paymaster. This circular can be accessed on the Department of Education web page: <https://www.gov.ie/en/service/c46800-cycle-to-work/>

6. QUERIES

Queries regarding the operation of the scheme for Teachers and non-teaching should be submitted using [Payroll Contact Form \(education.gov.ie\)](https://www.education.gov.ie/en/service/c46800-cycle-to-work/)

PREVIOUS CIRCULAR

This circular supersedes circular 0066/2017

P. Maloney.
Principal Officer.

27th August 2020

Cycle to Work Scheme Conditions

1. 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. The total cost of the bicycle and/or bicycle safety equipment as stated on the invoice from the supplier will be deducted from salary and the employee will not pay income tax, PRSI or Universal Social Charge on the remuneration sacrificed. This arrangement will operate until the salary sacrifice has been recouped in full and this will be reflected in his/her pay slips over that period.
2. 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.
3. 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;
 - a. I.S. EN14764:2006 - city and trekking bikes,
 - b. I.S. EN14766:2006 – mountain bikes,
 - c. I.S. EN14781:2006 – racing bicycles.
 - d. More information on these matters can be accessed at <http://www.nsai.ie>
4. 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, which may be deducted from any outstanding payment due in termination of the employment. Where this is not possible, it will be then necessary for the Department of Education to recover the balance due from the employee under the terms of Circular 84/2015 Policy and Procedures for dealing with Overpayment of Salary/Allowances.
5. The scheme only allows an employee to participate in the scheme once in a 4 year period. Employees should note that if they avail of the cycle to work scheme to purchase bicycles and/or safety equipment for an amount less than €1,250 for bicycles or €1,500 for ebikes or €3,000 for cargo bikes they will not be able to avail of the scheme again for four years. The tax year in which the bicycle is provided counts as the first year. For example, if you used the scheme during any month in 2016, you can use the scheme again from 1 January 2020.
6. In the unfortunate event that a bicycle purchased under terms of the scheme is stolen, a replacement bicycle may not be purchased under the scheme within a 4 year period of the original purchase. The legislation only allows an individual to

make one purchase of a bicycle under the scheme in a 4-year period irrespective of whether the bicycle was used for the full period or not.

7. The scheme applies only to new bicycle/cycle safety equipment purchased from approved providers. A full list of providers is available from the Office of Government Procurement web site: <https://ogp.gov.ie/cycle-to-work-scheme/>
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 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 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.
11. The employee will not be able to cancel his or her participation in the scheme once payment has issued to the supplier.