

Cycle to Work Scheme

(also known as the Bike to Work Scheme)

This scheme aims to encourage employees to cycle to and from work. Under the scheme the employer can buy a bicycle and safety equipment and this benefit will not be taxable.

The school does not have to facilitate the cycle to work scheme but if it does it has to be open to all employees.

The only exception would be for part time workers paid on an ad hoc basis, where you would not be able to guarantee the monies paid out would be recouped.

- If the school chooses to offer the scheme the school would be invoiced and make payment directly to the supplier.
- The employee repays the school via deductions through payroll. This is called salary sacrifice and a signed salary sacrifice statement must be obtained from the employee as part of the set-up of the scheme. A time frame for the repayment must be agreed and it must not be more than 12 months.
- The employee must also sign a statement agreeing that the bike is mainly for qualifying journeys (i.e. the whole or part of a journey between the employee's home and normal place of work, or between his or her normal place of work and another place of work).

➤ [Sample employee form](#)

The allowed limits can be found on the Revenue website: [Cycle to Work Scheme \(Revenue.ie\)](#)

Payroll Deduction

In the school's payroll package the agreed weekly/monthly repayment must be set up as a 'tax allowable deduction' under the relevant employee.

A sample excel template that can be used to track the balances paid and outstanding is available here: [Schedule of Payments Template](#)

Employees paid directly by the Department of Education

Employees paid directly by the Department of Education should be instructed to contact the Department payroll section directly, further information can be found here:

<https://www.gov.ie/en/service/c46800-cycle-to-work/>

Recording the transactions in accounts

The bike payment is a form of wage remuneration.

Therefore, where wages journals are not in use the bicycle expense should be included in the relevant wages expense category i.e. clerical wages, cleaner wages, caretaker wages etc.

Where wages journals are in use, a control account should be set up and the bike expense recorded here. Then as the deductions are made from wages this should be a credit entry in the wages journal posted to this control account.