

Frequently Asked Questions

Cycle to Work Scheme

How do I know if I am eligible to apply for the Scheme?

To be eligible for the Scheme you need to:

- Be a permanent employee over the age of 18 years.
- Be a permanent employee who has been employed by IOMG for at least 12 months
- Be an employee who is attending work at the point of application
- Be using the equipment mainly between home and work or journeys between workplaces
- Have a contract of employment which outlasts the duration of the 36 month salary sacrifice

Are electric bikes included?

Yes, electric bikes have been included from 2018 budget.

Can I buy equipment for more than £1,200?

Yes. The limit under the Scheme is £1,200 for bicycle and equipment combined inclusive of VAT, but if you want to buy an electric bicycle and equipment the limit is £1,800. However, the additional amount up to a maximum of £600, for an electric cycle only, can only be provided as a tax-exempt benefit as long as the employee is not in receipt of any other chargeable benefits during the tax year that the cycle is purchased.

Can I buy more than one bicycle?

No. The scheme is for one bicycle and relevant equipment for the employee only.

Can I buy other items of equipment other than those listed in the Scheme?

Yes, provided they are cycling related and needed in order to travel to work.

Can I use the scheme to pay for insurance?

No, the Scheme is only for a bicycle and equipment. However, you will be required to ensure that you are indemnified (e.g. by insurance cover) for loss, damage or injury however caused.

Can I pay back the cost of the equipment before the three years has passed?

No, the salary tax exemption only operates if the salary sacrifice takes place over three years.

Can I buy additional equipment during the three year period if the £1,200 or £1,800 has not been fully utilised?

No. The purchase of the bike and equipment should be purchased at the outset.

Can I reapply for the Scheme after the three year has elapsed?

Yes, there is no reason why not.

What impact will the salary sacrifice have on my pension entitlement?

Everyone's salary and pension contributions differ, but because the salary reduction is over three years the impact is minimal. It also depends on how far away the individual is from retirement as the final pension is usually taken as the average of the best 3 years from the last 13 years prior to retirement. If you are, say, ten years away from retirement, then there may be no impact at all. If you are three years away from retirement, then at worst, the impact would be a reduction of between £10-£20 pension per annum.

I am less than three years away from retirement. Can I participate in the Scheme?

If you are unable to salary sacrifice over three years, then there will be no tax benefit, and you should therefore not participate in the Scheme.

What happens if I resign before the three years is up?

If you resign or leave government before the three years has elapsed you will be required to pay back the sum owing in full in your final salary.

Is it possible for me to participate in the Scheme without impact on my pension?

No, the Cycle to Work Scheme operates as a salary sacrifice scheme, however everyone's salary and pension contributions differ and as the salary reduction is over three years the impact can be minimal.