



**Isle of Man
Government**

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Isle of Man Government

Cycle to Work Scheme Policy & Procedure

2021

Cycle to Work Scheme - Policy and Procedure

1. Policy Statement

Isle of Man Government (IOMG) is committed to the health and wellbeing of its employees by encouraging travel to work in a sustainable way by means other than car or public transport.

This policy applies to all permanent employees of the Isle of Man Government who have been employed by IOMG for at least 12 months.

2. Purpose and Objective

Purpose

The purpose of the Cycle to Work Scheme policy and procedure is to provide a mechanism to enable IOMG employees to sacrifice a proportion of their salary in return for their employer providing them with a tax-exempt benefit of a bicycle and bicycle equipment up to the value of £1,200 for a pedal cycle and up to £1,800 for an electrically assisted pedal cycle per employee over a period of 3 years.

The Scheme allows for up to £1,200 for a pedal cycle and equipment or up to £1,800 for an electric cycle and equipment inclusive of VAT.

Objective

This scheme and policy will provide those who wish to cycle to work with a procedure through which to access a tax-free benefit. The scheme promotes healthy living, fitter, healthier staff, improved productivity and attendance. There are additional environmental benefits such as reduced emissions, parking and traffic congestion.

3. Overview of the Scheme

The Cycle to Work Scheme is a scheme which allows all Isle of Man Government permanent employees who meet the conditions outlined in Section 5 to obtain cycles and cycle safety equipment from their employer. Due to the introduction of a new tax exemption in April 2017, the provision of a bicycle and related safety equipment by an employer is a tax-exempt benefit.

The tax exemption is dependent on the following conditions being met:

- The provision of a bicycle and bicycle safety equipment is for use by an employee to travel between their home and place of work
- The employer purchases the bicycle and equipment from a retailer with a physical presence on the Isle of Man¹
- The cost to the employer is no more than £1,200 per employee in any period of three tax years. In the case of an electric cycle, the cost to the employer may be increased to £1,800 per employee in any period of three years. The additional amount, up to a maximum of £600, for an electric cycle only, can 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. A chargeable benefit, for example, could be Housing Assistance or Rent paid by the employer. If an employee is in receipt of additional chargeable benefits over £600, the exempt benefit in respect of the purchase of an electric bike will be limited to £1,200.

¹ This excludes mail order from the United Kingdom

Any costs in excess of the exempt benefit amount must be met by the employee. For further information please contact OHR.

The Cycle to Work Scheme operates on the basis of a salary sacrifice. The employee, in entering the scheme agrees a contract variation to accept a lower salary in exchange for the employer providing the cycle and cycle equipment. As a consequence, they will pay reduced income tax, national insurance and pension contributions. This will result in reduced pension benefits.

There are no provisions for withdrawing from the Scheme once entered, unless the employee leaves employment with Isle of Man Government.

4. Eligibility for the Scheme

To participate in the Cycle to Work Scheme the following conditions must be met:

- The employee has a contract of employment which outlasts the duration of the 36 month salary sacrifice period
- The employee is aged 18 years or over
- The employee must be attending work at the point of application
- The equipment must be used mainly for qualifying journeys i.e. journeys (in whole or in part) between home and work or journeys between workplaces

Under the Cycle to Work Scheme, the following items will be exempt from a charge to income tax, subject to the monetary limits mentioned previously:

- Pedal cycles (valued up to £1,200)
- Electric cycles (valued up to £1,800)
- Helmets
- Bells and horns
- Lights
- Mirrors and mudguards to ensure riders' visibility is not impaired
- Cycle clips and dress guards
- Panniers, luggage carriers and straps to allow luggage to be safely carried
- Locks and chains to ensure cycle can be safely secured
- Pumps, puncture repair kits, cycle tool kits and tyre sealant to allow for minor repairs
- Reflective clothing

Please note that any costs relating to additional equipment, as listed above, remain subject to the overall limits of £1,200 for a pedal cycle and equipment and £1,800 for an electric bike and equipment.

5. Terms of the Scheme

By participating in the Cycle to Work Scheme employees are agreeing to vary their terms and conditions of employment by reducing their gross contractual salary by the value of the cycle and cycle equipment purchased over three years.

The maximum spend for any cycle and cycle equipment purchased under the agreement is £1,200 (inclusive of VAT) for a pedal cycle and equipment and £1,800 for an electric bike and equipment. Any additional costs must be met by the employee and paid directly to the retailer. **Ownership of the cycle and equipment will pass immediately to the employee.**

An employee entering into the Scheme must be aware of the following:

- Any cycle or cycle equipment purchased must be suitable for travel to and from work.
- Employees are responsible for insuring the cycle and cycle equipment purchased under the scheme against theft, loss or damage. Replacement equipment is not provided under the scheme if purchased within the 3 year period.
- Employees are also responsible for ensuring that they have adequate insurance cover in the event of any accident that results in personal injury to themselves or others and the Government will not be liable for any consequential loss.
- If the cycle or equipment is lost or stolen, under the terms of the agreement the employee must replace the items at their own expense.
- Employees are responsible for maintaining the cycle and equipment
- Employees must not hire out, transfer or otherwise dispose of the cycle or cycle equipment during the period of the salary sacrifice.
- Salary sacrifice means that the proportion of their salary reduced to pay the cost of the items will be non-contributory for pension, tax and NI.
- OHR Payroll will declare to the Income Tax Division all details of payments made under this Scheme annually.

6. Procedure for participating in the Scheme

An eligible employee can join the scheme at any time during the year, provided that they are not already participating. To join the scheme the following steps need to be followed:

1. An eligible employee visits a local bicycle retailer and requests a written quotation in relation to the bicycle and any equipment they would like to buy under the Scheme. The retailer must be an Island based and VAT registered retailer.
2. The employee submits the quotation and a completed OHR9 form to their relevant budget holder (Department, Board or Office) to purchase the cycle and cycle equipment by completing the form at **Appendix A²**, including signing the declaration.
3. Once the budget holder has approved the OHR9 form, it is sent with the quotation to the Departmental Finance team (Financial Advisory Service) who will provide the employee with a purchase order for the cycle and equipment to the value of quotation which should be no greater than £1,200 inclusive of VAT for a pedal cycle and £1,800 for an electric bike.
4. The employee presents the purchase order to the retailer together with photographic evidence of identity and collects the equipment. Any costs in excess of the exempt amount should be paid directly to the retailer.
5. The retailer sends an invoice to the Departmental Finance team.
6. The Finance team arranges payment of the invoice submitted by the retailer and completes the relevant section of the OHR9 form before submitting a copy to the **OHR PiP Changes Team, via email – pipchanges@gov.im**
7. The OHR PiP Changes Team issues an email to the employee confirming the amount of salary sacrifice over a three year period. This letter constitutes a change in the employee's terms and conditions. At this point the OHR PiP Changes Team will also notify OHR Payroll of the Salary Sacrifice.
8. If an employee ceases employment with Isle of Man Government before the end of the three year period, they are obliged to pay the outstanding balance from net pay, i.e. without any tax exemptions. This amount will be deducted from the last pay, or if this is not possible, e.g. the amount exceeds the last net pay, within 14 days of the leaving date.
9. Employees who do not comply with the terms of the Scheme or who breach the Scheme requirements may, in certain circumstances, be subject to disciplinary action.

² <https://hr.gov.im/policies-procedures-codes-guidance-and-forms/forms/>

7. Review of the Scheme

This Scheme and the provisions made under it will be reviewed from time to time as required.

Application for Cycle to Work Scheme (OHR9)

Please complete this form to apply for a cycle and cycle equipment to be purchased by the employer under the IOMG Cycle to Work Scheme.

Full Name:	Block Capitals		
Address/contact:			
Post/Payroll Number:			
Department:			
Division/Section/Unit:			

I wish for my employer to purchase a bicycle and bicycle equipment as outlined below:

Type of bicycle (tick as appropriate)

Electric Bicycle

Non-Electric Bicycle

Name and address of retailer: <i>Isle of Man based</i>				
Make and Model of bicycle:		Basic Cost	VAT rate	£ (inc VAT)
Details of bicycle equipment:		Basic Cost	VAT rate	£ (inc VAT)
Total This should not exceed £1,200 for a pedal bike and equipment or £1,800 for an electric bike and equipment inclusive of VAT		Basic Cost	VAT rate	£ (inc VAT)

Please ensure that the information provided is accurate. A quotation from the retailer should be supplied. Any person who willfully submits false information renders themselves liable to disciplinary action.

I confirm that I have read the Cycle to Work Scheme rules and accept the terms contained therein.

I understand and accept that I will sacrifice salary over a period of 3 years (36 months or 156 weeks) in return for the provision of a bicycle and safety equipment as detailed above. This will result in a proportionate reduction in my NI/Tax and superannuation contributions and this will affect my pension entitlement. I confirm that I am purchasing the bicycle and equipment for my own use in order to cycle to work and that I am solely responsible for indemnifying myself in the event of loss, injury or damage, however caused.

If I cease employment with IOM Government before the end of the 3 year period, I accept that any outstanding balance will be deducted from my final pay, or if this is not possible, e.g. the amount exceeds my last net wage, I will pay all outstanding amounts within 14 days of my leaving date.

Applicant's Signature: _____ **Date:** _____

Authorised by Budget Holder:

Name: _____ Date: _____
(please print)

Budget Holder signature: _____

Please now send this form to your Department Finance Team

Approved by Department Finance Representative (FAS):

Name: _____

Signature: _____

Date: _____

Government Order Number:

GL Code: 58020121

Cost Centre:

Please note that OHR will not process this form without the Departmental Finance Team's approval

Please identify the Employee's Terms and conditions of service: *(circle appropriate terms)*

E.g.: PSC Civil Service Teacher/Lecturer Bus Vannin HMD
PSC Manual & Craft Workers Education Support NJC MPTC
NHS Maintenance Other (please specify) _____

Procedure:

(Please read the full Cycle to Work Policy and Procedures in conjunction with this policy: <https://hr.gov.im/policies-procedures-codes-guidance-and-forms/>)

1. The employee applies to their relevant budget holder (Department, Board or Office) to purchase the bicycle and cycle equipment by completing this form, signing the declaration and providing the quotation from the supplier.
2. Once approved, the form and quotation should be sent to the relevant Finance team who will authorise the purchase and provide the employee with a purchase order for the bicycle and equipment to the value of the retailer's quotation which should be no greater than **£1,200** for pedal cycles and equipment or **£1,800** for electric cycles and equipment **inclusive** of VAT.
3. The employee presents the purchase order to the retailer together with photographic evidence of identity and collects the equipment.
4. The invoice should be passed to the Departmental Finance team for payment who will then forward the form and invoice to the **OHR PiP Changes Team, via email – pipchanges@gov.im**
5. The OHR PiP Changes Team will issue an email to the employee confirming the amount of salary sacrifice over a three year period. This letter constitutes a change in the employee's terms and conditions. At this point the OHR PiP Changes Team will also notify OHR Payroll of the Salary Sacrifice and deductions will be taken from your monthly/weekly salary.

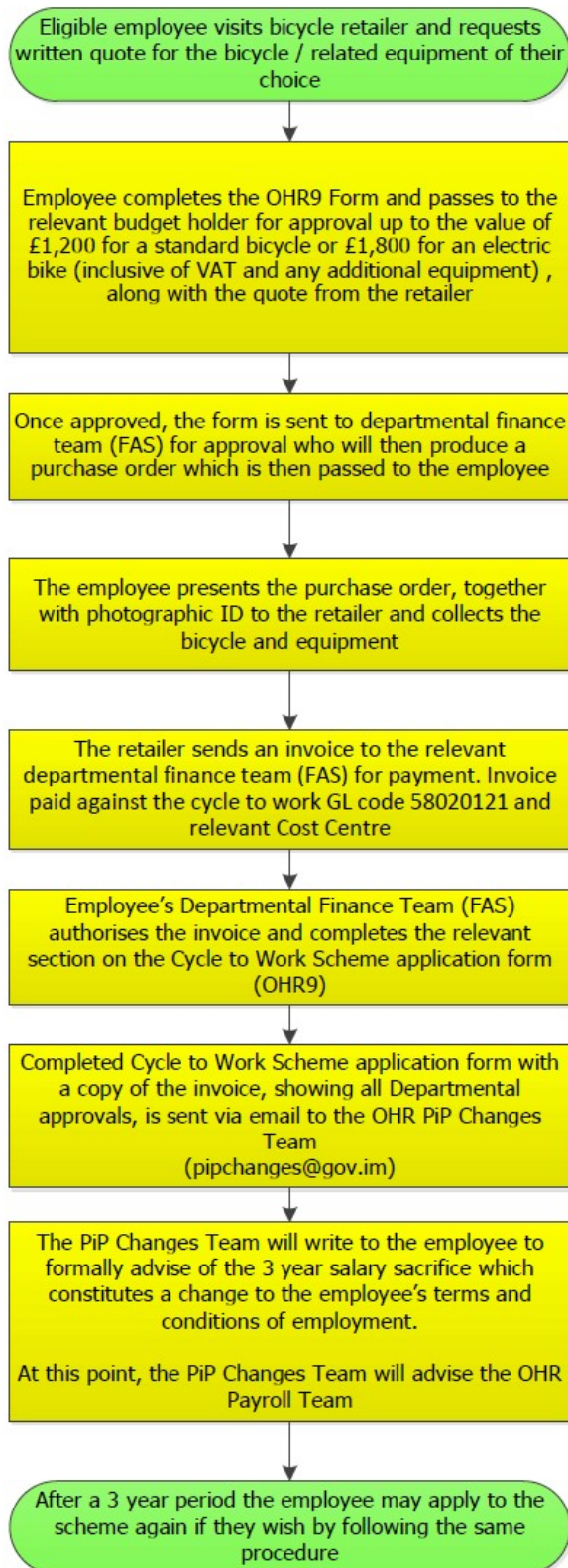
For completion by OHR:

Email to employee from OHR confirming amount of salary sacrifice (Total of equipment listed above divided by 36 months or 156 weeks)	
cc. Payroll Section	

The information on this form will be used to notify OHR Payroll of the change.

Cycle to Work Application Process

Appendix B





This document can be provided in large print or as an audio recording on request

Office of Human Resources
2nd Floor, Illiam Dhone House,
Circular Road, Douglas, Isle of Man, IM1 1AG