

CYCLE TO WORK SCHEME

On 1 January 2009 a new government scheme to encourage people to cycle to work came into force. Cycling keeps you fit, it's fast, cheap and reliable – and it's good for the environment! The new bike scheme covers bicycles and accessories up to a maximum cost of €1,250 (or €1500 for e-bikes). The bicycle must be purchased by your employer and then repaid by you by way of a salary sacrifice agreement (the cost of the bike is deducted from your gross pay) in which you pay for it tax / prsi / usc free, over a maximum of a 12 month period. Depending on the rate of tax you usually pay on your salary, this will result in you saving between 28.5% and 52% on the cost of the bike. Eg If your gross pay is reduced by €1000, your reduction in net pay (actual cost to you) will be between €480 (if you pay tax at the marginal (high) rate) and €715 (if you pay tax at the standard (low) rate).

To avail of this scheme, just follow these simple steps:

1. Obtain an invoice from the bike shop made out to your employer. Please see a recent payslip for the correct / full name.
2. Complete a salary sacrifice form (Katherine Sheehan in the accounts office can email this to you at your request. Please email katherine.sheehan@griffith.ie). You are signing this form to authorise your employer to reduce your wages for the full cost of the bike and also to confirm that the bike will be used mainly for the purposes of the scheme.
3. Submit both the invoice and the salary sacrifice form to Katherine, who will process payment to the shop. (Please note that the scheme does not allow you to purchase the bike yourself and claim it back from your employer).
4. Katherine will then deduct the cost of the bike from your wages evenly over the period you have requested on the salary sacrifice form (max 12 months). This is displayed as a separate item on your payslip, also showing the remaining balance to be deducted.

Please note that if you leave employment before the repayment period is finished, your employer is authorised to recoup the full balance outstanding from your final salary payment.

This does not adversely effect your tax saving. You would just be repaying the cost in a shorter space of time.