

## The PK Guide to Cycle to Work for Employees

Cycle to Work Schemes are a way for employees to purchase a bike using Saving Income Tax and National Insurance by having the payments deducted from their Gross Pay via 'Salary Sacrifice'.

### How does it work?

- Choose your bike and/or accessories from your employer's chosen provider
- Your employer buys the bike, and you hire it, with the hire payments being made from your pay via Salary sacrifice
- At the end of the hire period, you may either
  - Re-hire the bike for a small deposit
  - Buy the bike from the scheme at a discounted rate (falling to zero after 6 years)
  - Return the bike

### What are the benefits?

The main benefit is that you save Income Tax and National Insurance on the total cost of acquiring a bike.

You may also use the scheme for cycling-related accessories such as:

- Helmets, reflective clothing and cycle clips
- Bells, horns, lights, mirrors and mudguards
- Locks and chains
- Tools and puncture repair kits
- Luggage carriers and child safety seats

### How much will it cost to buy the bike at the end of the hire period?

HMRC publishes a table to calculate the market value of bikes that should be paid at the end of a hire period, based upon the original value and time elapsed:

Age of cycle	Original price <£500	Original price £500+
12 months	18%	25%
18 months	16%	21%
2 years	13%	17%
3 years	8%	12%
4 years	3%	7%

### How do I join?

This will vary dependent upon your employer but will normally be online via your employer's chosen provider's website.

### What happens if I leave my employer before the hire agreement has ended?

Any balance remaining will be deducted from your final net salary (meaning no tax or NI savings are made).

### Don't forget insurance

If your bike is lost, damaged or stolen you are still responsible for payments under the agreement and so you may wish to consider appropriate insurance.

### More information

To find out more about the specific cover your employer offers and find out what extra benefits might be available please contact PK Employee Benefits.

If your employer gives you access to our PK Engage App, you can find out more about your own entitlement there.



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