

2. Bike 2 Work Scheme.

FAQ from Bike 2 Work Scheme Taken From

<https://www.bike2workscheme.co.uk/faqs>

What happens after I've paid the invoice?

Once your payment has cleared with our bank (please note BACS payments take 3 working days to clear) it takes us up to one business day to process the payment and release the certificate to your employee.

How do I pay my invoice?

You can pay your invoice to the bank details provided. Alternatively, if you wish to pay via card, call us on 0330 088 4765.

How to promote the scheme

Following your registration, you'll be ready to promote the scheme and its many benefits to your team.

Here are some suggestions:

Create a page under the staff benefits section of your intranet / handbook.

This could feature a general explanation of the scheme, along with any conditions or notes you wish to convey to employees.

Your company pin could also be included here along with necessary links to our home page.

Place posters around your office/workspace.

Visual aids like posters are a great way to familiarise employees with the concept of the scheme.

Ensure you include some information on the scheme when sending out welcome emails or issuing starter packs to new employees.

What's the complete process for the setting up and running of your Bike2Work Scheme?

Visit our Employers Page, we have a handy video and a step by step for you to follow.

How does the Bike2Work Scheme work for employers?

Bike2Work Scheme allows for employees to make amazing tax savings when obtaining commuter bikes and cycling accessories through their employer, whilst also spreading the cost out over an extended period of time.

How should employers manage the ownership options at the end of the hire period?

Don't worry, there is nothing more you'll need to do at this point.

Our employer agreement includes a provision for Bike2Work Scheme to take ownership of all the bikes and cycling equipment your organisation processes on the scheme. As such we are accountable for the disposal of the equipment and are able to help manage the process on your behalf.

This ownership process is in strict compliance with Government guidance.

Employer benefits:

No admin needed

No accountability for disposal

No need to deal with persistent queries

Employee benefits:

Can switch jobs without penalisation or additional costs (during an extended hire period)

Absolute clarity on ownership and timescales

Able to reapply during the extended hire period.

We can discuss options for your company to own the bike from the first purchase, just get in touch with us and we can explain further.

How does salary sacrifice and the Bike2Work scheme work for employers?

Bike2Work Scheme is an employee benefit that uses 'salary sacrifice'.

This involves the employee agreeing to give up part of their salary in exchange for a company approved benefit (The Bike2Work Scheme). This is taken from their gross salary (before tax) which means that the employee will pay less Income Tax and National Insurance (NI), which will reduce your National Insurance Contributions (NICs) bill.

How does VAT work in relation to the scheme?

The employer pays the initial cost of any bike purchased via the scheme (inc VAT) and the employee pays that full amount back to the company. As the employer has paid VAT in the first instance they are able to claim that back. Over the duration of the hire period the employer must declare the VAT as output tax on their returns whether this be quarterly or half yearly.

Paying the VAT and declaring output tax balances each other out so it is neither a financial gain or cost to the company.

For example:

Cost of bike: £1,000

Company pays out: £1,000 (inc VAT)

Claims VAT back: £166.67

Employee pays employer: £83.33 p/month (includes £13.89 VAT)

At the end of the 12 months, the employer has received: £1,000 from the employee (12 x £83.33)

Employee declares VAT paid in as output tax: £166.67 (£13.89 x 12)

The employer has claimed back £166.67 in the first instance and declared £166.67 at the end which balances each other out on the VAT return.

The company would also make a saving of 15.05% of National Insurance Contributions for each employee who enters into the scheme.

For example: £1,000 bike

Company saves: £150.50 (15.05% of £1,000)

This saving would be made on every employee who entered the scheme so could potentially be a significant financial benefit.

Should the scheme be offered to the whole workforce?

Traditionally this should be available to all employees. This doesn't mean that every employee has to be provided with equipment though, just that the offer is open to all employees if they wish to take it up.

There are some limited circumstances which may affect this. You can find out more details on the sort of limited exceptions from cycle provision on the Government website.