



Halfords
Redditch
B98 0DE

Date

Dear

Halfords Cycle2Work Scheme – Please read carefully ACTION REQUIRED

We hope you have enjoyed your Cycle2work equipment that has been leased to you throughout the Hire Term. As you are now approaching the end of your salary sacrifice Hire Term, **Company Name** would like to discuss the options available to you regarding the ownership of your equipment.

HMRC has issued guidance on the value of cycles at the end of a salary sacrifice scheme. It is imperative that all employers follow the guidance to comply with scheme regulations. With this in mind **Company Name** would like to offer you the following options with the aim of minimising the financial impact on you:

OPTION A: Take ownership - Only pay tax on the value of the benefit

Company Name will give you the equipment at no charge, making it a taxable benefit. You would then simply pay tax on the value of that benefit over the course of the following tax year, **Company Name** would make an adjustment to your pay code using a P11d tax declaration on your behalf).

How to work out your taxable amount:

1. Start with your LoC amount
(E.g. £1,000)
2. Calculate the 'residual value' of your LoC using the HMRC matrix below
(E.g. £1,000 LoC x 25% = £250)
3. Multiply the 'residual value' by your tax rate
(E.g. £250 x 20% = £50 tax payable via P11d, 5% to take ownership of £1,000 equipment)

	Residual value percentage	
	Original LoC was £500 or less	Original LoC was more than £500
1 year	18%	25%

OPTION B: You may return the equipment back to us

If this option is chosen, you must return all items that were originally obtained with your LoC, ensuring that the equipment is returned in a good condition.

Please complete the form below indicating your chosen option, and return it to **Implementation Manager** from Halfords Cycle2Work, by the **Date** at the address given below. If **Implementation Manager** does not have a response from you by this date, then it will be assumed that you wish to take **Option A**. Please send the form back to this address, **Implementation Manager, Halfords, Cycle2Work, Icknield Street Drive, Washford West, Redditch, Worcs, B98 0DE** or email

Yours Sincerely,

Halfords Cycle2Work Scheme – End of Hire Term Option

DATE:	
NAME:	
DEPARTMENT:	
OPTION CHOSEN:	
SIGNATURE:	