

Cycle to Work

Frequently Asked Questions

1. What is this benefit?

The Cycle to Work scheme has been developed in response to the Department for Transport's initiative to promote healthier journeys to work and reduce environmental pollution.

This scheme allows you to purchase a bike and qualifying equipment through a 12 month hire agreement, whereby you loan the bike from VMware. The purchase is made through a process called salary sacrifice, which allows you to receive a voucher free of both Income Tax and National Insurance to redeem against a bike and equipment.

2. Who is the provider?

VMware have selected Halfords to ensure you have the best possible choice of bikes and the greatest level of convenience.

3. What options are available?

You may choose a bike and eligible equipment from a minimum value of £100 up to a maximum value of £2,000. This voucher can be used to purchase a bike and any qualifying equipment, including locks, lights and helmets.

4. How do I purchase the voucher and what is the tax position?

The benefit is purchased by the company when you agree to the salary sacrifice agreement. In return for buying the benefit and providing you with the use of it, you will have agreed to a reduction in your basic salary for a 12 month period.

As you only pay Income Tax and National Insurance on your new, lower basic salary and because this benefit is exempt from both Income Tax and National Insurance, you make savings on any selections

5. What are the scheme rules?

In order to qualify for the tax exemption, the bike must be loaned to you for the 12 month period of the hire agreement

6. How do I join?

Follow the steps below:

- a. Go to one of the participating bike stores and choose the bike you want. Make a note of the cost (including VAT) and ask the shop for a quote. Please be aware that in very rare circumstances, certain stores may charge an administration fee. If so, include this amount in your total voucher value required.
- b. On the MyLife portal, select the value of the bike and equipment you require on the 'Benefits' page. This amount will be your voucher value. Note that the voucher value cannot be altered if you subsequently choose a bike and equipment which costs less than the value of your voucher. Confirm your selection and press Submit.
- c. If you select the benefit prior to monthly payroll cut off (10th of the month) your benefit selection will be processed in that month's payroll. Halfords will send you an online hire agreement which you will need to sign off electronically, and once you do your voucher will be sent to you so you can collect your bike.

7. What happens at the end of the 12 month hire agreement?

Hire agreements taken out prior to 1st October 2020

Halfords will contact you to ask you whether you would like to take on legal ownership of the bike or to return it to them. Halfords will calculate the residual value of the bike and you will be subject to benefit in kind taxation based on the residual value of the benefit as defined – in the case of cycle to work –by the HMRC valuation matrix. You fund the tax payable by a change in your tax coding.

Hire agreements taken out after to 1st October 2020

Halfords will contact you to ask you whether you would like to take on legal ownership of the bike or to return it to them. There is no benefit in kind tax to pay on transfer of the bike ownership.