



Benefit- In - Kind for Bicycles

If there were no exemption in place for employers who provide bicycles to their employees to cycle to work, then such a provision would constitute a BIK for the employee and employee would be taxed on the value of the bicycle.

However, the relief provides that where the bicycle and safety equipment meet certain conditions, they can have provided tax free to the employee.

These conditions are:

- The bicycle and equipment must be new
- They must cost less than €1000
- The employee or director must use the bicycle to cycle to work.
- The relief can only be claimed once every 5 years

Note: Details as follow:

- **Benefits of the scheme for employees/ directors**

As the bicycle and/or safety equipment are exempt from tax the employee/director will not be liable to income tax at his or her marginal rate, employee's PRSI or USC on the cost of the benefit, as reflected in the amount of the salary sacrificed.

- **Benefits of the scheme for employers**

The employer benefits in that the employer's PRSI is not payable on the cost of the bicycle and/or safety equipment.

Note, however, that employers will not be able to reclaim the VAT paid on the bicycle and/or safety equipment.

- **Qualifying journey**

The bicycle and/or safety equipment must be used by the employee or director mainly for qualifying journeys. This means the whole or part (e.g. between home and train station) of a journey between the employee's or director's home and normal place of work or between the normal place of work and another place of work.

- **Can home-based employees avail of the scheme?**

Yes. If the bicycle is used for work related journeys, for example trips to the post office or to collect office supplies.

- **Can I avail of both the Travel Pass/TaxSaver Commuter Ticket and Cycle to Work schemes?**

Yes. These schemes are not mutually exclusive.

- **Are employees availing of the scheme liable to benefit-in-kind taxation?**

Under the scheme an employer may provide an employee with bicycle and /or cycle safety equipment without the employee being liable for benefit-in-kind taxation limited to a cost of 1000. Where cost exceeds this amount a BIK charge will apply to the balance.

- **How often can an employee avail of the scheme?**

The tax-exempt BIK only be provided to an individual employee once in any period of five consecutive tax years. The tax year in which the bicycle is provided is counted as the first tax year.

- **Under a salary sacrifice arrangement, how long do employee have to repay the cost?**

The full cost must be recovered within a period of twelve months or less.

- **What happens if employee leave employment or retire before the salary sacrifice is completed?**

Employees should settle the full outstanding balance before the date of ceasing employment or retirement.