

Cycle to Work Scheme

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Introduction

The [Cycle to Work Scheme is a tax incentive scheme](#) which aims to encourage employees to cycle to and from work. Under the scheme employers can pay for bicycles and bicycle equipment for their employees and the employee pays back through a salary sacrifice arrangement of up to 12 months. The employee is not liable for [tax, PRSI or the Universal Social Charge](#) on their repayments.

Your employer does not have to take part in the scheme. However if they do, they must offer it to all their employees. Self-employed people are not eligible for the scheme (unless they are paying PRSI as an employee in addition to their self-employment).

Rules

What equipment does the scheme apply to?

The scheme applies to new bicycles and pedelecs (electrically assisted bicycles which require some effort from the cyclist). It does not cover motorbikes, scooters or mopeds.

Purchase of the following new safety equipment is also covered:

- Cycle helmets which conform to European standard EN 1078
- Bells and bulb horns
- Lights, including dynamo packs
- Mirrors and mudguards to ensure that the rider's visibility is not impaired
- Cycle clips and dress guards
- Panniers, luggage carriers and straps to allow luggage to be safely carried
- Locks and chains to ensure cycle can be safely secured
- Pumps, puncture repair kits, cycle tool kits and tyre sealant to allow for minor repairs
- Reflective clothing along with white front reflectors and spoke reflectors

How do I pay for the bicycle?

Usually your employer pays the supplier for the bicycle and sets up a 'salary sacrifice' arrangement from your salary over an agreed time frame (which cannot be more than 12 months). This generally means that you visit the shop, select the equipment you wish to buy and have the shop invoice your employer directly for the cost. Note that the tax exemption does not apply if you pay for the bicycle and are reimbursed by your employer – they **must** pay for the bicycle.

The repayment for the bicycle and equipment is then deducted from your gross salary (this means before income tax, PRSI, pension levies or Universal Social Charge are deducted). These deductions can be made weekly, fortnightly or monthly depending on your salary payment arrangement. Your employer can also buy the bicycle on your behalf and not require you to pay for it. In this instance, you will be exempt from benefit-in-kind taxation to a cost of €1,000. If the cost of the bicycle exceeds this amount a benefit-in-kind charge will apply to the balance.

How often can I use the scheme?

You can only avail of the scheme once in a five-year period. This applies even if you do not purchase equipment up to the €1,000 limit. The tax year in which the bicycle or equipment is provided counts as the first year. So, if you used the scheme in 2014 (regardless of the month) you would be entitled to the relief again during 2019 (from January).

Qualifying journeys

You must use the bicycle and safety equipment mainly for qualifying journeys. This means the whole or part (for example between home and train station) of a journey between your home and your normal place of work. Employers do not have to monitor this but you will be asked to sign a statement saying that the bicycle is for your own use and will be mainly used for qualifying journeys.

Rates

There is a limit of €1,000 on the amount that can be spent (this includes bicycles, safety equipment and delivery charges). If you spend more than this limit you are liable for a [benefit-in-kind income tax charge](#).

You can find out more about the scheme on [the Revenue Commissioner's website](#).

How to apply

Contact your employer to ask about the scheme.

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