



Cycle to Work Scheme

Under a government scheme, Yacht Havens Ltd can hire bicycles to staff as a tax-free benefit on the condition that the bicycles are mainly used to get to and from work or for work-related purposes. Due to income tax, National Insurance and potential VAT savings, staff members can save up to 32% on the cost of the bike plus related safety equipment dependent on an individual's tax status.

How does it work?

Yacht Havens Ltd will purchase the equipment initially, chosen by you as the employee, and loan it to you over a 12-month fixed term agreement. We will then recover its costs over the term of the loan through the employee participating in a salary sacrifice scheme.

The Cycle to Work scheme is a hire agreement, not a hire purchase because you will not pay tax and national insurance on this money, so at the end of the hire period, there may be a transfer of ownership fee. Without this payment, HMRC would class the agreement as hire purchase (rather than hire agreement), and as such the tax exemption would not be available.

Eligibility

- The scheme is open to all staff that have completed their probationary period.
- You will need to be over the age of 18 to be eligible for this scheme.
- The total cost of the bike and equipment (including the VAT) must not exceed your gross monthly salary.

Salary Sacrifice

The scheme works on the basis that you 'sacrifice' part of your salary to pay for the agreed cost of the bike and equipment. This means that for the period of the hire agreement (12 months) your gross salary will be reduced by the total cost of the bike and equipment. This has some implications as outlined below.

- Salary sacrifice affects your contractual salary and therefore means that your employment contract will be amended accordingly for the appropriate 12-month period.
- This change to your contractual salary will affect the statutory benefits that you may be entitled to. For example, your entitlement to statutory maternity pay would be based on your reduced rate of pay under this scheme.
- However, pension contributions and other contractual enhancements to pay will still be based on your original salary before any deductions under this scheme. Salary sacrifice arrangements made under this scheme will not affect your employer or employee Pension contributions.

For further details on salary sacrifice and how it affects your statutory entitlements please visit www.hmrc.gov.uk

Is there a limit as to how much the bike can cost?

There is no maximum combined cost of the bike and equipment that can be hired under the scheme.

How long do I have to pay the cost back?

The duration of the hire agreement and salary sacrifice arrangements is 12 months. The total amount owed will be divided by 12 and deducted monthly from your salary. It is not possible to opt out or leave the scheme early unless you leave Yacht Havens Ltd.

If you decide to leave your employment whilst an agreement under this scheme is ongoing, you will be required to repay the outstanding balance from your net pay i.e. you will not receive the tax & NI benefit you would have received were you paying the balance over the full agreed period. Having repaid the full amount, the bike and equipment will still be the property of Yacht Havens Ltd.

At the end of the hire period, you will be offered a choice of 3 ownership options:

1) Own it Now

Once the agreement is finished. You can pay to take ownership of the Cyclescheme package straight away by making a payment (HMRC's market value of your Cyclescheme package at 12 months old). This dramatically reduces your savings but does transfer ownership immediately to you.

2) Own It Later

You can make a one-off payment of (HMRC's market value of your Cyclescheme package at 48 months old and approx. the same as what you pay each month of the 12 month contract) and continue to hire the bike (under an Own it later agreement with Cyclescheme) for a further 36 months. At which point Cyclescheme will transfer ownership to you at no further cost.

3) Return Bike

Finally, you can opt to return the bike to Cyclescheme if you do not wish to take ownership.

If you do not wish to return the bike, Cyclescheme's recommended option is for you to select the option "Own it Later". You can participate in another scheme during this period, as the agreement is directly between yourself and Cyclescheme. You cannot sell the bike during the extended use period as you are not the legal owner of the bike.

How do I apply?

- Step 1** Choose your bike and equipment and ensure that a Cyclescheme Quotation form is completed at the bike shop (the shop will have these quotation forms). It is important to note that some shops may ask you for a deposit or some form of payment to secure the equipment at this point. You are not required to place any type of deposit under this scheme, and it is not in your interest to do so (if your application is subsequently not agreed you may lose your deposit).
- Step 2** [Log in](#) to Workplace Extras and click on 'Enrol'. You will then be automatically directed to the Cyclescheme Website and will recognise you as a Yacht Haven employee. At this point you will be able to start your application using your quotation form from the bike shop and click "Request voucher" at the bottom of the page. This then generates an automatic email to Head Office to indicate that you have requested to join the scheme.
- Step 3** Head Office will check your eligibility for the scheme as detailed in the earlier paragraphs. If successful, you will be notified and sent a copy of the Hire Agreement for you to read.
- Step 4** Cyclescheme will invoice Yacht Havens Ltd for the cost of your application, we will then process and pay the invoice. Once Cyclescheme have received payment for the invoice they will send the voucher for the bike and equipment to us. Please note that this procedure can take up to two/three weeks.
- Step 5** We will then ask you to sign the hire agreement and sign to agree the amendment to your contract (due to the salary sacrifice). Once the appropriate paperwork has been signed by you, we will issue you with your voucher. You then take your voucher to the bike shop to purchase your bike and equipment.

Insurance

It is a condition of the scheme that you must take out an insurance policy to cover the bike and equipment. By signing the hire agreement, you are agreeing to take out the appropriate insurance. You may be able to arrange for the insurance of the bike on your home contents insurance.

Maintenance & Repairs

All maintenance, repairs and general upkeep of the bike and equipment will be your responsibility. Yacht Havens Ltd is not responsible for any liabilities arising from or damage caused by the failure to Properly maintain the bike.

What happens if I leave?

If you decide to leave whilst an agreement under this scheme is ongoing, you will be required to re pay the outstanding balance from your net pay i.e. you will not receive the tax & NI benefit you would have received were you paying the balance over the full agreed period. Having repaid the full amount, the bike and equipment will still be the property of Yacht Havens Ltd. Please refer to the 'Purchase of Equipment' paragraph below.

Contact

If you have any specific queries or require more information on any aspects of the scheme, please contact Helen Grew and/or Sarah Osborne at HR@yachthavens.com