

cycle to work scheme

		Higher Rate Tax payer paying NIC above upper earnings limit	Basic Rate Tax payer paying NIC between lower and upper earnings limit
	Cost of Bike/ Accessories	Cost to Employee	
BIKE	£800		
SAFETY ACCESSORIES	£100		
VALUE OF GOODS	£900		
SALARY SACRIFICE	£900	£900	£900
PAYE SAVING		(£360) = 40%	(£180) = 20%
NI SAVING		(£18) = 2%	(£180) = 12%
COST TO EMPLOYEE		£522	£612
SAVING BASED ON COST of £900**		42%	32%

** Savings are illustrative and are based on the employees PAYE and National Insurance rates in the examples. The savings are reduced if the employer sells the bike to the employee at the end of the hire period.