

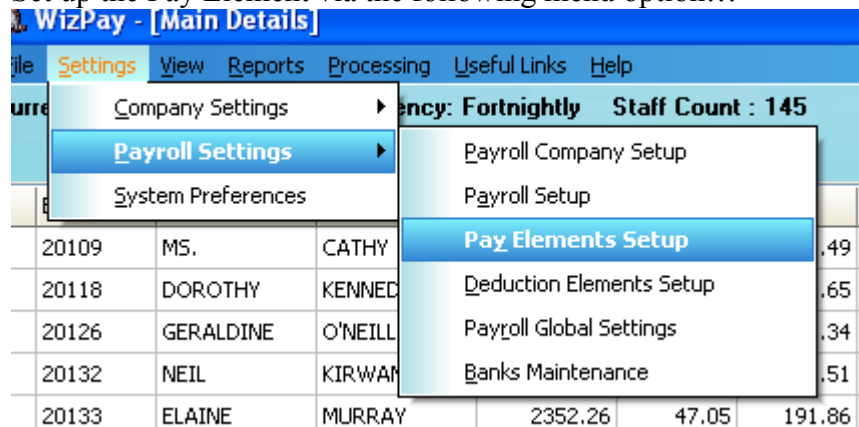


How to setup a “Cycle to Work” scheme Pay element

Administrator level security is required to input a new pay element to handle the new government scheme whereby bicycles are purchased by the company on behalf of the employee and the purchase price is then refunded to the company by way of a reduction in pay over an agreed timeframe.

How it works is that for example if an employer pays €500 euro for a bicycle on behalf of an employee, the employee can then has his weekly pay reduced for example by €10 for 50 weeks in order to refund the full cost to the employer. This gives a nett cost to the employer of €0. How the employee benefits is that this repayment of €10 per week is done prior to tax and PRSI being calculated. Assuming that the employee is on the higher rate of tax this results in a saving of 41% of the tax on the €10 and another 6% on the PRSI (assuming class A1 applies) giving a nett cost per week to the employee of €10 less 47% (€10 - €4.70) = €5.30. This equates over the period of the 50 week repayment timeframe of a saving to the employee of €235.

Set up the Pay Element via the following menu option...



Use the following screen capture as a guide to the various fields that need to be set up. You may, of course, call the pay element whatever you wish to call it. Click the Add button and fill in the various required items and then click Save. Make sure that you tick the “Levi-able Pay Item” if it is to reduce the Levi-able pay assuming it is covered by the scheme.



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Input the payment in the normal fashion but ensure that it is negative so that the Gross Pay is reduced for tax purposes.



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Pay / Deductions Entry

Employee **30151 - James Masters** < > ...

Payments **Dedu**

Add Payment **Delete Payment** **Add**

Pay Element	Rate	Units	Total
Allowances	79.51	3	238.54
Cycle to Work Scheme	-39.86	1	-39.86
Cost Centre	Rate	Units	Total
Dungarvan	-39.86	1	-39.86
Salary	2018.15	1	2018.15

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Please note that the Total Rate figure is an average figure

Insurable Weeks this Period