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Cycle to Work Alliance calls on HMRC to rethink transfer of ownership matrix

The Cycle to Work Alliance has welcomed the publication, on Monday, of HMRC's transfer of ownership matrix and supports its introduction. It comes after a short consultation period, and will simplify the administrative burden for employers who implement the cycle to work scheme. However, the Alliance is concerned that it may erode the scheme. The matrix could make it too expensive to purchase the bike after the hire period.

The cycle to work scheme plays an essential role in improving public health, cutting congestion and helping Government to achieve their target of a 30% reduction of CO2 emission by 2020.

The Alliance is concerned that HMRC's matrix is undermining the scheme and the Government's agenda on sustainable transport, health and employee engagement. The matrix does take into account the age of the bicycle, however it doesn't consider its condition. This risks undermining the economic competitiveness of the scheme as it would unfairly penalise users, forcing them to pay an artificially inflated price for their bike at the end of the hire period.

The Alliance is worried that the scheme may seem less attractive, reducing take up, and hampering delivery of the government's priorities on the low carbon economy and on active living.

Marc Woolfson, spokesperson for the Alliance said "The cycle to work scheme demands ongoing support and should not be eroded, it is the glue that helps Government deliver its agenda on health and sustainable travel. The Department of Transport and HMRC must work in unison to make the scheme economically attractive to participants".

Notes for editors:

- The Cycle to Work Alliance brings together Halfords, Evans Cycles and Cyclescheme, the UK's main providers of Cycle to Work schemes. Collectively they currently help over 400,000 people with the cost of bicycles and safety equipment through the cycle to work scheme.
- The Cycle to Work initiative is a tax-efficient, salary-sacrificed employee benefit aimed at encouraging more adults to take up cycling. Introduced in the 1999 Finance Act, the scheme encourages employers to loan bicycles and cyclists' safety equipment to employees as a tax-exempt benefit. Under the scheme, employers buy cycling equipment from approved suppliers, and hire it to their employees. After an agreed period (1-3 years on average) of repayments, employees are able to choose to buy the bike from their employer at a reduced rate.
- The cycle to work scheme allows employers to improve the health and wellbeing of their workforce, reduce their carbon emissions and improve employee productivity.

- Details of the transfer of ownership guidelines can be found <http://www.hmrc.gov.uk/manuals/eimanual/EIM21667.htm>
- For more information please see www.cycletoworkalliance.org.uk or contact Alexandra Arikoglu at alexandra@westminsteradvisers.co.uk or 0207 222 9500