

# Computers



Employer Information Pack

## What this information pack covers:

This is an overview of the 'Take IT Home' computer scheme. If you have any further queries after reading this document, please contact Salary Exchange or speak to your Account Manager.



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## What is Take IT Home?

Take IT Home is a benefit-in-kind programme which provides employees with the opportunity to acquire a computer (plus associated computer products such as broadband routers, printers and monitors) at a saving in Income Tax and National Insurance (NI).

Take IT Home is an HMRC compliant programme operating via an employee salary sacrifice arrangement. The standard duration is three years which makes even the highest cost computer affordable whilst delivering savings of 20% for basic rate taxpayers and 18% for higher rate taxpayers.

Employees will be provided with a range of options from basic entry level Netbooks and iPads to top of the range Touch-screen Desktops. A range of software products is also available.

Full manufacturing warranty support packages are included for 3 years, ensuring the scheme is accessible to all with optimum confidence.

Take IT Home is a cost effective benefit for employers to consider, as employers can expect to save too through the Class 1A NIC reductions. On average, employers can expect to save over 5% of the value of orders placed by their employees as part of this scheme where it is run over 3 years..





## Who are Salary Exchange?

Salary Exchange was established to compliment work carried out by Team Rewards, a market leader in Employee Benefits for over 10 years. Together, Salary Exchange and Team Rewards have acquired extensive experience in designing, implementing, communicating and managing over 4,000 salary sacrifice schemes. Our client base includes Adidas, Toyota, Marks and Spencer, Co-operative Financial Services, Johnson Controls and Ashford and St.Peters NHS Trust.

At Salary Exchange we provide a modular benefits platform which ensures all our clients have complete autonomy to achieve the perfect solution to meet their requirements. This means our clients can choose to run just one benefit with us, or a whole package, whichever approach best suits the needs of their particular organisation.

Salary Exchange has built up valuable relationships with both clients and trade associations within the private, public and third sectors. The ability to tailor our schemes to reflect both employer and employee requirements is key to our approach. Our system is genuinely flexible and is designed to create absolute minimal administration.

Salary Exchange was designed specifically for purpose by our own in house team of developers to offer a robust and user friendly platform for salary sacrifice and other employee benefits. On an ongoing basis the platform is maintained completely in house by our expert team, ensuring we continue to meet our stringent objectives with regard to performance and uptime.

## What makes Salary Exchange different?

One of the key benefits associated with this scheme is that it runs seamlessly through the Salary Exchange platform. This provides a streamlined and completely accurate service for you and your employees, and a professional joined up approach.

The modular design of Salary Exchange means that the platform is not just limited to this computer scheme. Our clients have complete control and optimum choice in selecting the exact mix of benefits which are perfect for their organisation, culture, demographics and business objectives. Our clients can choose one or more of the exciting and innovative benefits on offer, and these can be launched simultaneously or over a period of time as required.

As a proactive Company with a strong history in design, development and innovation, we are consistently reviewing and enhancing our benefits portfolio to maintain our status as a respected and diverse provider within the marketplace.

Each client can select to implement the computer scheme, alone or a wider range of benefits if required, and make these available through the Salary Exchange platform. Your employees will be able to access their benefit(s) online using a username and password of your choice, and the site will be branded to your organisation at no cost.

## Our most popular benefits packages include:

- > Childcare
- > Bikescheme
- > Computers
- > Lift Share
- > Mobile Phones
- > Gym schemes
- > Everyone Benefits (our voluntary benefits package)

This package largely owes its success and popularity to its cost effectiveness – for many employers, this combination can be implemented and run at no cost or even with a saving.



## Why Introduce a Computer Scheme?

The Take IT Home computer scheme provides significant savings for employees on the cost of a computer by reducing the amount of Income Tax & National Insurance they pay. We provide very competitively priced equipment on what ultimately are high priced items that many simply cannot afford without credit or spread payments.

### The Key Benefits for Employers

Take IT Home is a popular, simple and cost neutral benefit, which offers employers the following advantages:

- > There is **no cost to employers** for running this scheme. In fact, employers can expect to save over 5% of the total salary sacrifice value through reduced Class 1A contributions where the scheme runs over 3 years.
  - > Salary Exchange manage the entire scheme – from set up and employee enrolments, to delivery of equipment, ensuring **minimal employer involvement**.
  - > Our clients who have already run the scheme have experienced a **positive reaction** from their employees and consequently a healthy level of uptake.
  - > Employers retain control over the **option of setting a maximum spending cap** for employees – for example £2,500 - but there is no predetermined limit.
  - > A range of marketing materials are available to ensure **maximum employee engagement**.
  - > Employers have the support of a **dedicated and experienced Account Manager** to give reassurance and guidance.
  - > We provide a real time **Management Information (MI)** system, which fully supports Payroll.
  - > Our scheme is **flexible to meet your requirements** - the scheme can either run in isolation or can be combined with any of our other employee benefits to provide a comprehensive and accessible benefits package.
  - > Your **employees are given full support** through our Helpdesk facility, and can join the scheme either on line or by telephone if they do not currently have PC access.
- > The option of third party funding is available which we can arrange on your behalf. Should you opt to engage third party funding, the associated interest costs are passed to employees so there is no cost to the Company.
  - > Depreciation of assets in Year 1 leads to potential **corporate tax savings**.
  - > Improves morale which can effectively enhance **staff retention**.
  - > The scheme can tangibly contribute to **improved computer literacy** among staff, and make **learning new skills** attainable to those who don't use a computer as part of their job. For the rest, the scheme is a great opportunity to keep pace with the newer technologies.
  - > This scheme offers the latest, future proof equipment with manufacturers' warranties included.



## How the scheme works for employees

Employees can choose to join the scheme, and will commit to sacrificing part of their salary each pay cycle to cover the cost. The salary sacrifice period normally lasts for 36 months although you can choose to run it over a shorter period if you prefer. Please note, however this will only include Employee NI savings.

This computer equipment is classed as a Company Asset which reduces the income tax charge so that over three years employees will typically pay 40% less income tax on the costs of the computer compared with its cash equivalent

Therefore, standard rate tax payers can expect to save 8% on the value of the computer, and a further 12% in National Insurance (a total saving of 20%).

Higher rate tax payers can expect to save 16% in tax, and a further 2% in National Insurance (a total saving of 18%).

Employees don't technically buy the equipment outright, but 'hire' it from their employer over the 3 year period. This approach is a legal requirement for this type of salary benefit.

At the end of the 3 year loan period, employees will be contacted to enable them to decide what they then want to do with the equipment. In reality this requires them to pay a nominal fee to keep it, on condition that, when the time comes to dispose of the equipment, they do so in a legal manner (eg by taking to a recycling centre). In this way any obligations in regard to electrical equipment recycling are met.

### Key Benefits for Employees

- > Our objective: to match RRP on computer equipment, and to offer really good value bundles that suit all pockets and preferences.
- > Employees save on the cost of their computer (and associated equipment should they choose), and have the ability to spread the cost over a period without having to undergo credit checks or take out expensive personal loans.
- > Take IT Home offers the latest, future proof equipment with manufacturers' warranties included (please note, iPads come with a 2 year warranty).
- > Comprehensive cover package included which covers.
- > Anti-Virus, Internet Security Suite.
- > A simple yet professional web portal providing detailed product descriptions and a user friendly online ordering system for employees. Telephone support is available for those without current PC access.
- > The ability to learn new skills or improve existing abilities.
- > Dedicated customer service and manufacturers' warranty support over the 3 year period.





## How to set up a Take IT Home scheme

Setting up a scheme is incredibly simple, and your dedicated Account Manager will work with you to design, implement and support you throughout.

Your Account Manager will work with you to design the scheme most suited to your organisation



Agree and sign the contract documents appointing Salary Exchange as your Take IT Home provider



Your online account at **www.salary-exchange.co.uk** is then live and we will complete the setup with you



We will provide marketing materials branded to your organisation to ensure employee awareness and understanding is maximised



The Take IT Home scheme launches



Employees can register for Take IT Home and place orders online or via telephone by contacting our customer services team



A final schedule of orders is prepared by Salary Exchange and equipment is delivered



You deduct the value of the Take IT Home order from each employee's salary at the next available payroll



The finance schedule is finalised and payments will begin

## HMRC Compliance

For those employers who are familiar with the recent HMRC changes relating to Cycle to Work schemes, please note that the tax rules governing this initiative are different to those that have been applied to Cycle to Work schemes. For this reason the following rules apply:

- > Employees joining the scheme must be UK taxpayers
- > Employees joining the scheme must be over 18 years of age
- > Employers may set eligibility criteria such as minimum length of service before employees can join



## Salary Sacrifice Savings Tables

### Tax and NI- Employee benefits

Computing equipment provided through a salary sacrifice arrangement as a benefit-in-kind is treated as a 'company asset' for tax purposes.

The rate of taxation on such assets vs taxation on cash remuneration allows for tax savings as follows:

#### Example:

A £1,000.00 computer provided over 3 years by way of a salary sacrifice of £333.33 per annum (Standard rated)

	CASH £333.33	SALARY SACRIFICE COMPUTER (levied on 20% of its value per annum)	SAVING
Over 3 year total tax paid	£200.00	£120.00	£80.00
Over 3 year total NI paid	£120.00	£0.00	£120.00
Total tax Cost £1000 cash or computer	£320.00	£120.00	
<b>Total tax savings for employee</b> (equates to 20% of total)			<b>£200.00</b>

### Class 1A Employer Savings

Employers save 40% of their class 1A payments (40% of £138.00 per £1000 salary sacrificed = £55.20).

Take-up of offer delivers savings as follows:

#### Example:

6,000 staff

Typical take-up 5% = 300 staff

Average staff choice computer value £1000.00

Total salary sacrificed £300k over 3 years or £100k per annum

	SALARY PAID IN CASH £100,000	SALARY SACRIFICE COMPUTER	SAVING
Taxable value of £300k of computing equipment (asset) per annum		£60,000	
Employer Class 1A due (13.8%) annum	£13,800	£8,280	
Over 3 year total Class 1A paid on	£41,400	£24,840	<b>£16,560</b>



## Employer FAQs

**Q: We run a Cycle to Work scheme and HMRC state that it must be available to all. Is this the case for the Take IT Home Computer scheme?**

**A:** No. The tax rules governing this scheme are different. The scheme is not available to employees under 18 years of age, nor to employees who may fall below the national minimum wage if they were to join. You may also set other criteria such as a minimum length of service before joining the scheme.

**Q: How do we deal with early leavers?**

**A:** The employee signs an Order Agreement confirming that should they leave employment early any outstanding accounts will be deducted from their net pay.

**Q: We have previously run other salary sacrifice schemes; does Take IT Home work in the same way from a payroll perspective?**

**A:** It is very simple but there is one main difference. Only a percentage of employee's income tax may be saved through this scheme, so the calculations for payroll need to reflect this. Many payroll systems have the facility to do this automatically; some may not so we can discuss this with your payroll manager and advise accordingly. In some cases the full tax saving is passed on through salary and a tax adjustment is made at the end of the year through a Benefit in Kind declaration.

**Q: Will we have to complete P11Ds for employees taking part in the scheme?**

**A:** Not necessarily. You may be able to deduct the correct amount through salary, depending on your payroll system. If this cannot be done, then a declaration of Benefit in Kind can be made to HMRC. In most cases this can be done as a simple spread sheet, thus P11Ds may not need to be completed. We can provide you with the information to assist with this.

**Q: We would like to choose the computer brands offered to our employees. Can this be done?**

**A:** Yes. In most cases if you have a preferred manufacturer we can accommodate this. It should be noted however that Apple products are particularly popular in the home right now, and this is a benefit-in-kind that the whole family can enjoy

**Q: We have our own brand for employee communications. Can this be incorporated into the brochure and website?**

**A:** At the implementation planning stage we will discuss with you your requirements, including the best and most effective communication channels. Where practical, existing branding can be incorporated. We generally recommend sending a brochure to employees at their home address in addition to providing an online ordering site.



## Contact Details

### TELEPHONE

#### Employee Customer Services

**T** 0330 100 2366

#### Employer Customer Services

**T** 0330 100 2365

### E-MAIL

**E** [takeithome@salary-exchange.co.uk](mailto:takeithome@salary-exchange.co.uk)

### WEBSITE

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