

Northride New Zealand Limited

Issued | Tukuna: 23 December 2025

BR Prd 25/08

The Arrangement is the provision by Northride New Zealand Limited (trading as Northride) to its employer customers (Employers) of a product or service package, being the lease of self-powered or low-powered commuting vehicles (the Equipment). The package includes the necessary digital tools and intellectual property to allow the Employer to implement an employee bike scheme for its employees (Employees) using a valid salary sacrifice arrangement, or at the Employer's discretion, fully funded by the Employer.

The Arrangement enables Employers to provide the Equipment to their Employees, where the Employees may agree to a reduction in salary in return for the provision of the Equipment, or where the Employer could, at its discretion, fully fund the provision of the Equipment. Examples of Equipment are bicycles, electric bicycles, scooters and electric scooters.

START DATE – END DATE | RĀ TĪMATA – RĀ MUTUNGA

23/12/2025 – 23/12/2028

(THIS TITLE PAGE DOES NOT FORM PART OF THE RULING. | KĀORE TĒNEI WHĀRANGI TAITARA I WHAI WĀHI I TE WHAKATAUNGA.)

Product Ruling | Whakataunga Whakaputanga – BR Prd 25/08

This is a product ruling made under s 91F of the Tax Administration Act 1994.

Name of person who applied for the Ruling | Ingoa o te tangata i tono i te Whakatau

This Ruling has been applied for by Northride New Zealand Limited (trading as Northride).

Taxation Laws | Ture Tāke

This Ruling applies in respect of ss BG 1, CX 2, CX 19D, and RD 3 of the Income Tax Act 2007 (ITA) and ss 2(1), 3A(1), s 8(1), 10(2), 20 and 76 of the Goods and Services Tax Act 1985 (GSTA).

The Arrangement to which this Ruling applies | Te Whakaritenga i pāngia e tēnei Whakataunga

The Arrangement is the provision by Northride New Zealand Limited (trading as Northride) to its employer customers (Employers) of a product or service package, being the lease of self-powered or low-powered commuting vehicles (the Equipment). The package includes the necessary digital tools and intellectual property to allow the Employer to implement an employee bike scheme for its employees (Employees) using a valid salary sacrifice arrangement or, at the Employer's discretion, fully funded by the Employer.

The Arrangement enables Employers to provide the Equipment to their Employees, where the Employees may agree to a reduction in salary in return for the provision of the Equipment, or where the Employer, at its discretion, could fully fund the provision of the Equipment. Examples of Equipment are bicycles, electric bicycles, scooters and electric scooters.

Further details of the Arrangement are set out in the paragraphs below.

The parties to the Arrangement

- 1) The parties to the Arrangement are as follows:

- Northride is a New Zealand company that facilitates the provision of the use of the Equipment from the Employer to the Employee. Northride is a wholly owned subsidiary of Vapaus Bikes Finland Oy, a company registered in Finland.
 - The Employer is a New Zealand resident employer that has contracted with a Financier (which may be Northride or an unrelated third party) to lease the Equipment for use by Employees.
 - The Employee is a New Zealand resident employee of the Employer.
- 2) Other parties involved in the wider arrangement as follows:
- The Dealer is a third-party retail supplier or store that has entered into a supplier agreement with Northride. The Dealer sells the Equipment to Northride. The Dealer is not associated with Northride, the Employer or Employee.
 - The Maintenance Provider is a third-party bike service provider that has entered into a services agreement with Northride to carry out servicing of the Equipment as part of this Arrangement. The Maintenance Provider may also be the Dealer.
 - The Financier may be Northride or a leasing or finance company who has entered into an agreement with Northride to assist with the financing of the Equipment. In cases where Northride is not the Financier, the Financier purchases the Equipment from Northride and is the Equipment's legal owner during its lease to the Employer. Northride is not a party to the lease where a third party Financier is involved (Northride acts in an agent capacity to ensure lease payments the Employer makes, are transferred to the Financier). At the end of the lease between the Financier and Employer, Northride purchases the Equipment from the Financier.
 - The Insurer is an insurer that has entered into an agreement with Northride for the insuring of the Equipment. The Insurer charges insurance premiums on an arm's length basis. The insurance covers the Equipment while it is used in connection with private or business-related purposes in New Zealand.
- 3) The platform refers to the online platform developed and owned by Vapaus Bikes Finland Oy to manage the parties and their processes around the product or service package. These processes may include Northride selling the Equipment into the open market at the end of the lease period or repurposing the Equipment into another lease if the Employee chooses not to purchase the Equipment at market value. The intention is that the platform market the Equipment for sale to the public, as well as facilitate the scheme's payments and pricing calculations for Employers, Employees and Dealers.

Arrangement steps

The Arrangement steps are set out below.

- 4) The Employer enters into a Master Service Agreement with Northride (the Service Agreement). The Service Agreement involves the Employer leasing the Equipment, facilitated by Northride, in return for monthly lease payments made by the Employer and offering the Equipment to its Employees. Each Equipment lease to the Employer runs for a period of at least 12 months (with the standard Equipment lease being 24 months). The Service Agreement is between the Employer and Northride and covers all Equipment the Employer signs up to, whether through an Employee salary sacrifice or direct contribution by the Employer.
- 5) The Employer makes the Equipment available to an eligible Employee under their internal policy. The Employee may sign up to a salary sacrifice agreement (SSA) with the Employer to make a salary sacrifice for the duration of the Employer lease period as part of its participation in the Employee Bike Scheme. Alternatively, at the Employer's discretion, the Employer may fully fund the cost of providing the Equipment to the Employee. The Employee Bike Scheme includes insurance and maintenance services.
- 6) Northride provides administration, management and payment services to the Employer for its Employee Bike Scheme. Employees register with Northride and once approved, use the platform to order the Equipment, which is leased to the Employer for at least a 12 month period. The Employee is required to agree to the Employer's Employee Bike Scheme terms and conditions which include:
 - setting out who is responsible for different types of maintenance;
 - any fees payable by the Employee personally (for extra services);
 - the requirement for the Employee to mainly use the Equipment for commuting between home and the place of work;
 - the terms of insurance coverage provided; and
 - processes relating to the return of the Equipment at the end of the Employer's lease term.
- 7) The Employee receives the bike from the Dealer. To the extent the Employee acquires add-ons to the bike (such as additional equipment that is not part of the bike), this amount does not form part of the Arrangement, and the Employee pays these fees directly to the Dealer.
- 8) Northride receives an invoice from the Dealer for the cost of the Equipment.

- 9) Northride provides administration, management and payment services (for the Financier (if applicable), Insurer and other service providers) for the Employee Bike Scheme. During the lease period Northride charges the Employer a monthly fee (Scheme Payment) comprising:
 - a) the fire, theft and accident insurance premium;
 - b) bike safety maintenance costs, which can include but not restricted to; battery safety checks and servicing, brake pads and rotor checks services, general safety checks (such as electrical connections, cables and hydraulic connections) and routine servicing including replacement of worn consumable parts; and
 - c) Northride's administration fee.
- 10) The total cost of the Equipment to the Employer includes the total:
 - a) lease cost for the lease period;
 - b) fire, theft and accident insurance premium for the lease period;
 - c) bike safety maintenance costs for the lease period; and
 - d) Northride administration fees for the lease period.
- 11) At the end of the Employer lease period the Employee is required to return the Equipment. Practically, Northride takes possession of the Equipment at this point.
- 12) Northride offers the Equipment to the Employee or Employer (depending on whether a salary sacrifice was agreed as part of the Arrangement) who has the option to purchase it at market value (that is, the Employee or Employer has the first right of refusal to purchase the Equipment).
- 13) If the Employee or Employer opts out of purchasing the Equipment, Northride refurbishes the Equipment and sells it on the open market at market value or makes it available to be used in a future arrangement with another Employer and Employee.
- 14) The Employee may choose to enter into another Arrangement for new Equipment at the conclusion of the lease period.

Employee benefit scheme (salary sacrifice option)

- 15) The Employer enters into the Service Agreement with Northride.
- 16) Northride supplies the Employer with the necessary intellectual property and documentation for the Employer to provide and help facilitate Equipment being supplied to Employees through one or more local Dealers.

- 17) Employees choose the Equipment to be purchased for the purposes of the Employer's lease (facilitated by Northride), and Northride arranges to purchase the Equipment.
- 18) As discussed at [9]) Northride is providing administration, management and payment services for the Employer's Employee Bike Scheme. In that capacity, Northride invoices the Employer over the agreed lease period for its fee, which includes financing costs, a service package, insurance and administration costs.
- 19) Once the Employer lease has concluded, the Employee may purchase the Equipment from Northride (at a market price specified by Northride).
- 20) To participate in the Arrangement the Employer and Employee may agree to reduce the Employee's annualised gross salary or wages for a period of at least 12 (but typically 24 months) under a SSA. The amount of the salary sacrificed will not exceed the amount at [10)].
- 21) The SSA forms part of the Employee's employment agreement and is entered into before the Equipment is provided and the income to be sacrificed is earned. Under the SSA:
 - a) The Employer and Employee agree on the amount of the reduction in the Employee's annualised gross salary and wages, which will not exceed the amount at [10)]. The salary sacrifice supports, at a general corporate level, the Employer providing the bike perk scheme for Employees. However, it is not a payment by the Employee to the Employer that flows directly through to pay the Scheme Payment and lease cost.
 - b) The Employee acknowledges that the reduction in salary or wages may affect their KiwiSaver contributions, student loan deductions and other employment benefits, as well as entitlements under the Holidays Act 2003.
 - c) The Employee agrees that the Equipment will be used for more than 50% of its total usage for the purpose of commuting between home and their place of work.
- 22) The salary sacrifice will be renegotiated or suspended should an Employee's salary or wages fall below the minimum wage.
- 23) The salary sacrifice will be suspended if the Employee is absent from work on unpaid leave for an agreed period, such as for parental leave or a career break.
- 24) The Employee agrees that the Equipment will be used mainly for commuting between their home and place of work.

- 25) The Employer will execute the SSA and implement any required payroll arrangements in respect of the Employee to give effect to the SSA.
- 26) The Employee can benefit from the Arrangement on more than one occasion (that is, the Employee could enter into another SSA at the end of the original arrangement to obtain new and more modern Equipment to use under the Arrangement). If an Employee purchases the Equipment, they cannot participate in the Employee Bike Scheme for a period of 5 years from the beginning of their previous Employee Bike Scheme participation period, except in exceptional circumstances (for example, their bike is stolen).

Employee benefit scheme (non-salary sacrifice option)

- 27) The Employer enters into the Service Agreement with Northride.
- 28) Northride supplies the Employer with the necessary intellectual property and documentation for the Employer to provide and help facilitate Equipment being supplied to Employees through one or more local Dealers.
- 29) Employees choose the Equipment to be purchased for the purposes of the Employer's lease (facilitated by Northride), and Northride arranges to purchase the Equipment.
- 30) As discussed at [9]] Northride provides administration, management and payment services for the Employer's Employee Bike Scheme. In that capacity, Northride invoices the Employer over the agreed lease period for its fee, which includes financing costs, a service package, insurance and administration costs.
- 31) Once the Employer lease has concluded, the Employee or Employer has the option to the purchase the Equipment from Northride (at a market price specified by Northride).

Conditions stipulated by the Commissioner | Here i āta whakaritea e te Kaikōmihana

This Ruling is made subject to the following conditions:

- (a) Any Master Service Agreement and Service Agreement Regarding Bikes (including Appendix 1 Service Description and Terms and Conditions of Northride, Appendix 3 Employer Provided Bike Perk Policy and Appendix 4 Salary Sacrifice Agreement Template (including the Tax Compliance Agreement)) the parties enter into will be materially the same as the versions provided to the Tax Counsel Office on 17 December 2025.

- (b) The cost of the Equipment will not exceed the maximum allowable cost specified in any regulations the Governor-General makes under s CX 19D(3) of the ITA.
- (c) The Equipment will meet any requirements for vehicles specified in any regulations the Governor-General makes under s CX 19D(3) of the ITA.

How the Taxation Laws apply to the Arrangement | Ko te pānga o ngā Ture Tāke ki te Whakaritenga

Subject in all respects to any conditions stated above, the Taxation Laws apply to the Arrangement as follows:

ITA

- (a) The provision of the Equipment by the Employer to an Employee under the Employee Bike Scheme is an excluded fringe benefit under s CX 19D and is therefore not a fringe benefit under s CX 2.
- (b) There are no on-going requirements for the Employer to monitor use of the Equipment for the purposes of s CX 19D.
- (c) There is a valid salary sacrifice under the Salary Sacrifice Agreement, so the amount of salary that is sacrificed is not a PAYE income payment under s RD 3.
- (d) The Arrangement is not a tax avoidance arrangement under s BG 1.

GSTA

- (e) If the Employer is registered for GST, the Employer can claim the GST charged by Northride on the Scheme Payments under the Service Agreement as input tax (as defined under s 3A(1)) under ss 20(3) and 20(3C) to the extent to which the Services are used for making taxable supplies.
- (f) If the Employer is registered for GST, the sacrifice of salary under a Salary Sacrifice Agreement is consideration for a taxable supply by the Employer to the Employee under s 8(1) of the provision of the use of the Equipment to the Employee. The value of the supply for the purposes of s 10(2) is the amount of the salary sacrificed.
- (g) If the Employer is registered for GST and fully funds the Employee's participation in the Employee Bike Scheme, the Employer does not receive consideration under s 8(1) for the provision of use of the Equipment to the Employee and there is no output tax as defined in s 2(1) on the provision of the use of the Equipment to the Employee.
Provided:

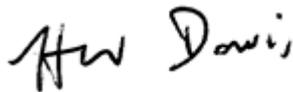
- neither the Employee nor any other person otherwise provides consideration procuring the provision of the Equipment to the Employee.

(h) The Arrangement is not a tax avoidance arrangement under s 76.

Period or income year for which this Ruling applies | Te wā, te tau moni whiwhi rānei i pāngia ai e tēnei Whakataunga

This Ruling will apply for the period beginning on 23 December 2025 and ending on 23 December 2028.

This Ruling is signed by me on the 23rd day of December 2025.



Howard Davis

Group Leader | Rōia Kaihautū ā-ropu Taake
Tax Counsel Office | Te Tari Tohutohu Tāke

About this document | Mō tēnei tuhinga

Product Rulings are issued by the Tax Counsel Office and Customer and Compliance Services. Product Rulings set out the Commissioner's view on how tax laws apply to a particular "product" – which is an arrangement that a specified taxpayer is likely to enter into with a number of people on identical terms. Taxpayers who enter into the arrangement described in a Product Ruling may apply the ruling but are not obliged to do so. Product Rulings are binding on the Commissioner. This means that if you are entitled to apply a Product Ruling and you have calculated your tax liability in accordance with the ruling, the Commissioner must accept that assessment. A Product Ruling applies only to the taxation laws and arrangement set out in the ruling, and only for the period specified in the ruling. It is important to note that a general similarity to an arrangement covered by a Product Ruling will not necessarily lead to the same tax result.