

## **Trivial benefits**

Trivial benefits are small gifts or perks that you give to your employees that are not related to their performance or included in their contract. They can be a great way to show your appreciation and boost morale, and they're also tax-free for both you and your employees, up to certain limits.

### **What qualifies as a trivial benefit?**

To be considered a trivial benefit, the gift or perk must meet all of the following criteria:

- It cost you £50 or less to provide.
- It isn't cash or a cash voucher.
- It isn't a reward for their work or performance.
- It isn't in the terms of their contract.

### **Examples of trivial benefits:**

- Taking a group of employees out for a meal to celebrate a birthday.
- Buying each employee a Christmas present.
- Flowers on the birth of a new baby.
- A gift card for an anniversary.

### **Trivial benefits for directors of close companies:**

#### **The Basics**

- **£300 limit:** As a director of a close company (5 or fewer shareholders), you have a yearly limit of £300 for trivial benefits. This is separate from the £150 per head allowance for staff parties.
- **£50 per benefit:** Each individual benefit you receive must cost £50 or less (including VAT).
- **No cash:** The benefit can't be cash or a cash voucher that can be exchanged for cash.
- **Not a reward:** It can't be a reward for performance or something outlined in your contract.

#### **What Can You Spend It On?**

The key is to think of small, non-cash gifts or perks that aren't related to your work performance. Here are some ideas:

- **Gift cards:** Vouchers for shops, restaurants, or experiences are popular choices. Just make sure they can't be exchanged for cash.
- **Food and drink:** A nice bottle of wine, a hamper of gourmet treats, or a meal out (as long as it's not a working lunch).
- **Experiences:** Tickets to a show, concert, or sporting event.

- **Personal gifts:** Flowers, chocolates, books, or small items related to your hobbies.
- **Seasonal gifts:** Christmas presents, Easter eggs, or birthday gifts.

#### **Examples:**

- A £50 gift card for a local restaurant.
- A case of wine costing £40.
- Tickets to a play for £35.
- A birthday gift of a book worth £20.
- A Christmas hamper costing £45.

#### **Important Notes:**

- **Keep records:** It's essential to keep records of each trivial benefit you receive, including the date, cost, and what it was. This will help you stay within the £300 limit and prove it to HMRC if needed.
- **Family members:** If you provide trivial benefits to family members who are also directors or employees of the company, these will count towards your £300 limit.
- **Salary sacrifice:** Trivial benefits provided as part of a salary sacrifice arrangement are not exempt from tax.

#### **Need More Help?**

- HMRC has guidance on trivial benefits.
- An accountant can provide personalized advice for your situation.

By understanding the rules and getting a little creative, you can make the most of your £300 trivial benefits allowance!

#### **Need more help?**

If you're not sure whether a benefit counts as a trivial benefit, you can call the employer helpline for advice.

I hope this information is helpful!