

# TRIVIAL BENEFITS

## WHAT ARE TRIVIAL BENEFITS?

Trivial benefits are small, non-cash perks that businesses can provide to employees and directors without being subject to tax or National Insurance, provided they meet specific conditions.

This allows businesses to offer small gestures of appreciation without triggering additional costs or reporting requirements.

## WHY USE TRIVIAL BENEFITS?

- ✓ They are a tax efficient way to reward employees
- ✓ No additional National Insurance contributions
- ✓ No need to report to HMRC if conditions are met
- ✓ They are a simple and cost effective method of showing staff appreciation
- ✓ There is no annual limit on how many you can issue
- ✓ Improved employee motivation, morale and retention

## EXAMPLES OF TRIVIAL BENEFITS

- Gift cards (as long as they are not redeemable for cash)
- Gifts for *personal* special occasions such as a wedding, new baby, housewarming, or new job and farewell gifts
- A welcome gift for a new employee
- Tickets to events
- Lunch, dinner or drinks with colleagues, or refreshments out of the office such as coffees and teas
- Small seasonal gifts, such as a Christmas hamper or a bank holiday treat
- New work attire ahead of a business event



# QUALIFYING CONDITIONS

---

To be considered a trivial benefit, all of the following conditions must be met:

- It must cost £50 inc VAT or less per person. Above this amount HMRC will make have you pay tax and national insurance on the *full benefit amount*.
- It cannot be cash or a cash voucher. Gift cards that cannot be exchanged for cash are allowed, however those such as a prepaid Mastercard *will* be deemed as cash and will not qualify.
- It must not be a reward for work or performance (for example, a Christmas gift is fine, but a performance-based bonus is not).
- It must not be part of the employee's contract or salary sacrifice scheme
- It must not be intended to add financial value to an employee's pay, or given in lieu of payment.

## CLOSE COMPANIES

---

If your business is a close company (a limited company controlled by 5 or fewer shareholders), there is an annual cap of £300 per director for trivial benefits. This means directors can receive multiple trivial benefits, but the total must not exceed £300 per tax year.

## SALARY SACRIFICE

---

If you provide trivial benefits as part of a salary sacrifice arrangement they won't be exempt. You'll need to report on form P11D whichever amount is higher of the amount of salary given up, or how much you paid for the trivial benefits.

## CAN WE HELP?

---

If you need advice and guidance on how trivial benefits apply to your business, please do contact us.

R J Francis & Co

☎ 01432 266630

✉ [admin@rjfrancis.co.uk](mailto:admin@rjfrancis.co.uk)