



## Fancy a Tax-Free Christmas Bonus?

(Updated Publication: 5 December 2022)

As we are fast approaching the end of the 2022/23 tax year, we thought we should remind you that it is still possible for you to take advantage of the trivial benefits exemption for vouchers provided to directors and staff. **Call it a Tax-Free Christmas Bonus!**

In order that a voucher can qualify as a 'trivial benefit', and therefore, be exempt from any tax, all of the following conditions must be met:

- The cost of each voucher cannot exceed £50
- The voucher cannot be exchangeable for cash
- The director or employee cannot be contractually entitled to the voucher
- The voucher must not be provided in recognition of services performed by the director or employee i.e., you cannot give a voucher based on performance or attendance; but you are allowed to give vouchers just because it's Christmas!

Typical vouchers include those from the likes of Amazon, John Lewis, Love2shop, M&S, Boots and Argos etc. but the voucher must not be exchangeable for cash.

Employees can receive unlimited trivial benefits during each tax year, but they only remain non-taxable if each voucher does not exceed £50. The same applies to directors but, for directors, there is an annual limit of £300 per tax year per director and their family members or people who live in the same household as the director.

All of the individual vouchers can be purchased at the same time, but they must only be given out at the rate of not more than £50 per day to each individual. It is also worth noting that this scheme is discretionary i.e., it can be done for one individual employee or for all employees; it just depends on how generous you're feeling.

The cost of the vouchers is a tax-deductible expense to the business with no tax being payable by any of the individuals receiving the vouchers. So, Merry Christmas HMRC.

### CONTACT US

If you have any queries or need any advice, please do not hesitate to contact us on:

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