

## Trivial Benefits

Trivial benefits are small gifts or perks given to employees that are exempt from tax and benefit reporting obligations. But employers must adhere to certain conditions, such as a cost limit of £50 per employee – or the average cost per employee if provided to a group of employees.

Additionally, the benefit cannot be cash or a cash voucher, and it cannot be provided in recognition of particular services performed as part of an employee's normal employment duties or as a reward.

Providing these conditions are met, the benefit is exempt from tax and reporting obligations. However, if any of the conditions are not satisfied or if the cost of the benefit exceeds £50, the whole amount will be taxable rather than just the excess.

For employees who are not directors or stakeholders in the business, there are no limits on the number of gifts you can make in this way.

However, if you are a director or stakeholder in the business there are limits on the number of gifts that can be made. For example, if you are the director of a 'close' company – a limited company that's run by five or fewer shareholders – the exemption is capped at a total of £300 in the tax year.

Examples of trivial benefits include:

- taking a group of employees out for a meal to celebrate a birthday
- buying each employee, a Christmas or birthday present
- flowers on the birth of a new baby
- a summer garden party for employees



Employers who organise annual parties for their staff can benefit from a tax exemption of up to £150 per person. To qualify for this exemption, the event must be open to all employees, with the cost per head not exceeding the £150 limit. This exemption covers all expenses associated with the party, including food, drinks, entertainment, and venue hire.

Trivial benefits can be a good way for employers to incentivise employees while also being tax-efficient. However, it is important to ensure that the conditions for exemption are met and that any benefits provided are reasonable and not excessive.

If you are in any doubt, speak to your accountant to ensure you are complying with all relevant regulations and guidelines.