



## Fancy a Tax-Free Christmas Bonus?

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As we are fast approaching the end of the tax year, we thought we should remind you that it is still possible for you 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, Argos, One4all, spa providers and hotels 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 for 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 0151 228 8977 or email us at [advice@jkca.co.uk](mailto:advice@jkca.co.uk)

John Kerr publish articles to assist clients keep up to date with issues that we think will most affect them. Please [email](#) us with ideas of any subjects that you would like us to cover. In addition, please feel free to pass these articles on to friends, family and colleagues and don't forget, you can subscribe [here](#).