

Trivial benefits exemption

(Lecture P1097 – 12.16 minutes)

From 6 April 2016 a statutory exemption has been introduced for trivial benefits. To qualify as a trivial benefit the following conditions must apply:

- The trivial benefit must not be cash or a cash-voucher (s.75 ITEPA 2003)
- The cost of providing the trivial benefit must not exceed £50
- The trivial benefit cannot be provided by way of a contractual obligation or salary sacrifice arrangement
- The trivial benefit must be given for a non-work reason e.g. birthday or social event

For close companies there is a £300 annual cap for directors and other office holders and family members but when those family members are also employees, they will get their own £300 annual cap.

The trivial benefits regime offers tax free extraction within the limits prescribed.