



# Income Tax (Earnings and Pensions) Act 2003

## 2003 CHAPTER 1

### PART 4

#### EMPLOYMENT INCOME: EXEMPTIONS

#### CHAPTER 11

#### MISCELLANEOUS EXEMPTIONS

#### *Awards and gifts*

#### **[<sup>F1</sup>323A Trivial benefits provided by employers**

- (1) No liability to income tax arises in respect of a benefit provided by, or on behalf of, an employer to an employee or a member of the employee's family or household if—
  - (a) conditions A to D are met, or
  - (b) in a case where subsection (2) applies, conditions A to E are met.
- (2) This subsection applies where—
  - (a) the employer is a close company, and
  - (b) the employee is—
    - (i) a person who is a director or other office-holder of the employer, or
    - (ii) a member of the family or household of such a person.
- (3) Condition A is that the benefit is not cash or a cash voucher within the meaning of section 75.
- (4) Condition B is that the benefit cost of the benefit does not exceed £50.
- (5) In this section “benefit cost”, in relation to a benefit, means—

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*Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 323A. (See end of Document for details)*

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- (a) the cost of providing the benefit, or
  - (b) if the benefit is provided to more than one person and the nature of the benefit or the scale of its provision means it is impracticable to calculate the cost of providing it to each person to whom it is provided, the average cost per person of providing the benefit.
- (6) For the purposes of subsection (5)(b), the average cost per person of providing a benefit is found by dividing the total cost of providing the benefit by the number of persons to whom the benefit is provided.
- (7) Condition C is that the benefit is not provided pursuant to relevant salary sacrifice arrangements or any other contractual obligation.
- (8) “Relevant salary sacrifice arrangements”, in relation to the provision of a benefit to an employee or to a member of an employee's family or household, means arrangements (whenever made, whether before or after the employment began) under which the employee gives up the right to receive an amount of general earnings or specific employment income in return for the provision of the benefit.
- (9) Condition D is that the benefit is not provided in recognition of particular services performed by the employee in the course of the employment or in anticipation of such services.
- (10) Condition E is that—
- (a) the benefit cost of the benefit provided to the employee, or
  - (b) in a case where the benefit is provided to a member of the employee's family or household who is not an employee of the employer, the amount of the benefit cost allocated to the employee in accordance with section 323B(4),
- does not exceed the employee's available exempt amount (see section 323B).]

#### **Textual Amendments**

- F1** Ss. 323A-323C inserted (with effect in accordance with s. 13(5) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), s. 13(2)

#### **Modifications etc. (not altering text)**

- C1** S. 323A(2) applied by S.I. 2007/3537, Sch. para. 22(2)(a) (as inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Employer-Financed Retirement Benefits \(Excluded Benefits for Tax Purposes\) \(Amendment\) Regulations 2016 \(S.I. 2016/1036\)](#), regs. 1(1), 4)

**Changes to legislation:**

There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 323A.