

**2003 No. 1361**

**INCOME TAX**

**The Income Tax (Exemption of Minor Benefits) (Increase in Sums of Money) Order 2003**

<i>Made</i> - - - -	<i>22nd May 2003</i>
<i>Laid before the House of Commons</i>	<i>23rd May 2003</i>
<i>Coming into force</i> - -	<i>13th June 2003</i>

The Treasury, in exercise of the powers conferred upon them by section 716 of the Income Tax (Earnings and Pensions) Act 2003(a), hereby make the following Order:

**Citation, commencement, effect and interpretation**

1.—(1) This Order may be cited as the Income Tax (Exemption of Minor Benefits) (Increase in Sums of Money) Order 2003 and shall come into force on 13th June 2003.

(2) Articles 2 and 4 of this Order have effect for the tax year 2003-04 and subsequent tax years.

(3) In this Order “the Act” means the Income Tax (Earnings and Pensions) Act 2003.

**Exemption in respect of annual parties and functions**

2. In section 264(2) and (3) of the Act for “£75” in each place where it occurs substitute “£150”.

**Exemption in respect of long service awards**

3. In section 323(2) of the Act for “£20” substitute “£50”.

**Exemption in respect of small gifts from third parties**

4. In section 324(6) of the Act for “£150” substitute “£250”.

22nd May 2003

*Nick Ainger*  
*John Heppell*  
Two of the Lords Commissioners of Her Majesty’s Treasury

## EXPLANATORY NOTE

*(This note is not part of the Order)*

The Income Tax (Earnings and Pensions) Act 2003 (2003 c. 1: “the Act”) provides for taxation of employment-related benefits given to an employee save where those benefits are specifically exempted. Subsections (2) and (3) of section 264 of the Act exempt annual functions and parties. Subsections (1) and (2) of section 323 of the Act exempt long service awards. Section 324(6) of the Act exempts small gifts given by third parties to employees. In all three cases, the exemptions are subject to financial limits set out in the Act.

Section 716(2) of the Act provides for these financial limits to be increased by Treasury Order. This Order increases the financial limits of the above exemptions.

Article 1 provides for the citation, commencement, effect and interpretation of the Order.

Article 2 increases the exempt limits in respect of annual functions and parties in section 264(2) and (3) of the Act from £75 to £150 per head in a tax year.

Article 3 increases the permitted maximum in respect of long service awards in section 323(2) of the Act from £20 for each year of service to £50 for each year of service in respect of which the award is made.

Article 4 increases from £150 to £250 per year the exempt limit in section 324(6) of the Act on the total cost of small gifts to an employee, in connection with the employee’s employment, from a donor who is neither the recipient’s employer nor a person connected with the employer.

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