

Get £300 of trivial benefits to spend

Tax Saving

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Trivial benefits are a simple way for company directors to receive small perks from their company without creating a tax charge.

Normally, when a company provides a benefit to a director or employee, it must be reported to HMRC and may trigger Income Tax and National Insurance. However, HMRC allows certain small, occasional benefits to be provided tax-free, provided specific conditions are met.

For directors of small companies, the total value of trivial benefits is limited to £300 per tax year, and each individual benefit must cost £50 or less. This limit applies per director, so if your company has two directors, each could receive up to £300 of trivial benefits per tax year.

In this guide we explain:

- what counts as a trivial benefit
- the rules you need to follow
- how directors commonly use the allowance in practice

If you're the kind of person who enjoys reading HMRC manuals (we certainly don't judge), you can find their official guidance [here](#).

What counts as a trivial benefit?

Normally, if a company provides a [benefit](#) to a director or employee, it is taxable. This means:

- the individual may need to pay Income Tax, and
- the company may need to report it to HMRC (usually via a [P11D](#)) and pay Employer's National Insurance.

However, HMRC makes an exception for small benefits that meet the trivial benefit rules. If the conditions are met, the benefit:

- does not need to be reported to HMRC, and
- is not taxed on the director or the company.

For directors of small companies (known as close companies), the total value of trivial benefits is capped at £300 per tax year.

Note that this is based on the personal tax year (6 April to 5 April) rather than your company's accounting year.

The rules:

For a benefit to qualify as trivial, all of the following must apply:

1. Each benefit must cost £50 or less:

This is a strict limit. If a benefit costs £50.01 or more, the entire amount becomes taxable. You can buy these vouchers on the same day, but they have to be separate transactions.

2. It cannot be cash or a cash-equivalent payment:

Cash payments do not qualify. However, most vouchers and gift cards are allowed, provided they cannot be exchanged for cash.

3. It cannot be a reward for work or part of your employment contract:

Trivial benefits must be occasional gifts, not something you are contractually entitled to receive.

4. The benefit must be paid for directly by the company:

You can't pay for it personally and then reimburse yourself, which is why it doesn't appear in Mighty's expense claim section.

How directors usually use this

A common approach is for the company to purchase gift vouchers or gift cards worth up to £50 each.

For example, a director might receive:

- 6 × £50 vouchers over the course of the tax year
- total value: £300

The company pays for the vouchers directly, and provided the rules above are followed, the benefit remains tax-free.

Examples might include vouchers for retailers, restaurants, travel platforms, or similar. In practice, Amazon vouchers tend to be the most common, but the provider doesn't matter as long as the £50 per benefit limit is respected.

How it's treated for tax

When the rules are met:

- The director does not pay Income Tax on the benefit
- The company does not pay Employer's National Insurance
- The benefit does not need to be reported on a P11D

The cost is normally treated as a deductible expense for corporation tax, as long as it has been paid for by the company.

If you're unsure whether something qualifies as a trivial benefit, feel free to ask your dedicated accountant or contact us at support@mightyaccounting.com.

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