



# Tax free gifting

**Ann Bibby – Tax Partner**

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**Ann Bibby**

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Ann is a Chartered Tax Adviser, a qualified accountant and a member of the Society of Trust and Estate Practitioners (STEP) and has over 25 years' experience advising on a range of business and personal tax issues.

Ann specialises in the areas of corporate, employment and business tax along with associated tax solutions and advises on all areas of business taxation, including Corporate Tax, Transaction Tax, R & D Tax Relief, Management Equity and Share Options, Restructuring, Capital Allowances and Employment tax issues.

Ann joined Ellacotts to lead and enhance the tax services provided by the firm and to provide support to the rest of the firm. Ann is a member of the UK200 Group Tax Panel.

**Chris Slatter**

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Chris joined Ellacotts Wealth Planning in June 2016 with over 20 years' experience of providing independent financial advice to both personal and corporate clients. As an Independent Financial Adviser (IFA) he looks to build long term relationships with clients and have a number of clients he still deals with now that came to him when he first started his career.

Chris's role involves all aspects of financial planning except for mortgages. He enjoys being an IFA because every person he meets has a different advice need, which means every day brings a different challenge. Over the years he has gained extensive knowledge of pre and post retirement planning, including using both pensions and investments to achieve the desired results.

- 1. Christmas party**
- 2. Annual function exemption**
- 3. Trivial benefits**
- 4. A pension is for life, not just Christmas**
- 5. Group risk benefits**

## Planning a virtual Christmas party?

- Annual function exemption
- Trivial benefits



- Exemption not an allowance
- Costs includes VAT
- Available to all staff
- Two functions?
- Company party for all staff = £50 per head
- Directors only hold annual party = £75 per head



## Trivial benefits tips and traps

- Exemption
- Conditions:
  - Total cost must not exceed £50
  - Not cash or cash voucher
  - Not contractual
  - In recognition for services



Paying into a pension may not be top of this list of Christmas gifts, but it does have its benefits:

1. As an employer, a pension contribution is an allowable expense, so reduces profits, meaning less tax is paid
2. As an employee, the pension grows in a tax efficient manner
3. A lump sum payment of £200 for a 30 year old could be worth £2,366 at age 67\*

Whilst this may not seem like a large amount, when added to existing workplace pension benefits, it can make a difference to longer term planning.

Pensions also offer extremely tax efficient death benefits.

\* Assuming a growth rate of the average return from the ABI 20-60% shares sector 1990-2019.

Other things to consider for your workforce are group benefits such as group life assurance, critical illness or income protection.

This is more than a gift for Christmas, it is additional benefits that can help with staff retention.

Group policies are a way of offering a bit more to your employees.

Regardless of previous poor health, it is possible to insure everyone who is under the age of 75 without medical underwriting.

# Any questions?

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