

Festive Factsheet



DECEMBER 2020: Times may be far from normal but the festive period doesn't have to be all 'bah humbug'! HMRC has confirmed a couple of tax concessions for the office ...

Virtual Christmas parties

The Christmas party season would normally be in full swing across the country and, this year, brave businesses are hosting all manner of online festivities for staff, including 'home cook-alongs' with professional chefs, murder mysteries and cheese tastings.

HMRC will accept a virtual Christmas party as an event that falls within the tax exemption rules for annual functions.

Under the rules, employers can spend up to £150 per head (including VAT) towards the costs of an annual function such as a seasonal party, without creating a tax liability. The cost of providing food, entertainment, equipment and other expenses which may be incurred in hosting a virtual event, will be exempt.

[Government guidance can be found here.](#)

Tax-free gifts to employees

If you want to give your employees a festive gift, you don't want it to backfire, with them ending up having to pay tax on it ...

To ensure that the benefits (gifts) provided are tax-exempt:

- The cost of providing the benefit must not exceed £50 per employee. If the cost is over £50, the full amount is taxable, not just the excess over the threshold. Where the individual cost for each employee cannot be established, an average could be used (see the HMRC guidelines below).
- The benefit cannot be cash or a cash voucher.
- The employee must not be entitled to the benefit as part of a contractual arrangement (including salary sacrifice).
- The exemption is capped at a total cost of £300 in a tax year where the employer is a 'close' company and the benefit is provided to an individual who is a director, an office holder or a member of their household or family.

[Further details are here.](#)

Cyber Aware campaign for Christmas

The festive period is always a busy time for online shopping – and, sadly, cyber criminals. The National Cyber Security Centre (NCSC) has launched its 'Cyber Aware' campaign aimed at helping people shop securely online this Christmas.

You might want to share the warnings of this major government advertising campaign with your colleagues, friends and family. They recommend six actions to take, to protect accounts and devices from the majority of online crime.

This is even more important this year, when many employees are working remotely and may be using the same systems for business and home shopping!

The actions are:

1. Use a strong and separate password for your email.
2. Create strong passwords using three random words.
3. Save your passwords in your browser.
4. Turn on two-factor authentication (2FA).
5. Update your devices and apps.
6. Back up your data.

[More information can be found here.](#)