

## **EMPLOYEES ANNUAL TAX FREE €500 BONUS**

Employers can reward employees under the Small Benefits Exemption Scheme with a non-cash bonus of up to €500 completely tax free this year 2017.

If guidelines are followed neither the company nor the employee will pay PAYE, PRSI or USC with a potential saving of over €650.

To qualify for the tax exemption, only one tax-free bonus may be paid to each employee in any one year. If more than one bonus is given in a year, it is only the first one that will qualify for tax-free status, even if this bonus is less than the €500 annual allowance - any used allowance cannot be carried over.

The tax-free bonus cannot be paid in cash and the gift cannot be exchanged for cash, in part or in full.

The bonus is treated as a normal business expense for tax purposes and there is no need for any payroll adjustments.