



Gift Card & Voucher Association
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Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
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10 September 2024

Dear Chancellor,

Increasing the Trivial Benefits Allowance to at least £500: A Strategic Boost for Workers and the Economy

The rising cost of living has been felt across the country, putting pressure on households and businesses alike. Despite positive signs of recovery, the landscape remains fragile. In a constrained fiscal environment, however, we know the Treasury will be looking for efficient ways to address the situation.

Increasing the Trivial Benefits Allowance for gift cards and vouchers from £50 to at least £500 would have an immediate impact by empowering employers to offer additional benefits to workers and encouraging consumer spending. We estimate that, if just one in ten businesses took advantage of such a change, it would be worth an extra £2.3bn to retailers, leisure and hospitality businesses. That's on top of the benefit to households feeling the cost of living squeeze.

Increasing the allowance would particularly benefit lower-paid employees. It could also deliver additional revenue for the Exchequer by incentivising employers to give gift cards and vouchers above the £50 cap. This would in turn be spent in the economy and raise additional VAT. It is also important to note that any uplift could not be used to divert from contracted employee compensation, because HMRC guidance states that, *the allowance is only for gifts and cannot be performance-related*.

The Economic Case for an Uplift

Despite the economic backdrop, 2024 H1 saw like-for-like sales growth in our sector of 9.5% compared to 2023 H1 and a rolling year increase of 8.3%. We know that, for our members, this represented £1.42bn in sales for 2024 H1.¹ Across the industry as a whole, gift cards and vouchers are worth much, much more. For the whole of 2022, our members' gift card and voucher sales were worth £3.2bn, and our research estimates that shoppers 'top-up' gift card purchases with an extra 66.4% from their own pocket. As an economic stimulus, gift cards and vouchers are substantial and effective.²

With business finances under pressure, leaving them in many cases unable to offer inflation-matching wage rises, gift cards and vouchers can provide a one-off way of recognising staff and improving retention. As it stands, however, only gift cards and vouchers up to the value of £50 can be received tax free, under HMRC's Trivial Benefit Allowance.

An uplift to at least £500 would have an immediate impact on the economy, as our research estimates that **98.8% of consumers typically redeem within a year of receipt, and well within typical expiration periods.**³

As gift cards are used across the retail, leisure, hospitality and culture sectors, it could have a substantial impact on local high streets and parts of the economy that suffered in recent years as a result of the pandemic and cost of living crisis. The stimulus will also be more directly felt than other changes to the tax system, as gift cards must be spent, rather than used to boost savings or pay down debt.

Similar schemes have been introduced in the Republic of Ireland to a value of €1,000 and Italy €3,000.

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Learning from Success: Republic of Ireland

In Ireland, the Small Benefit Exemption scheme allows employers to provide employees with a tax-free benefit of up to €1,000, a measure that has had a substantial positive impact on local economies. In Letterkenny, for example, the scheme generated €5.7 million in sales in 2023, with 80% of this coming from corporate orders. The contrast with Northern Ireland's £50 Trivial Benefit scheme is stark, with Enniskillen reporting just £175,000 in total sales for 2023 under the current UK rules.

¹ KPMG analysis for GCVA ([link](#))

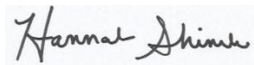
² GCVA website ([link](#))

³ GCVA State of the Nation 2024 ([link](#))

Next steps for HM Treasury

Taking action at the Budget would allow an expanded scheme to be in place in time for Christmas - a time when employers are traditionally looking to recognise their staff, and could therefore support the economy at a critical point in the year. We would welcome the chance to discuss this with you or your officials.

Yours sincerely,

A handwritten signature in black ink that reads "Hannah Shimko". The signature is written in a cursive style and is placed on a light grey rectangular background.

Hannah Shimko
Managing Director, Gift Card and Voucher Association

Appendix 1 About the Gift Card and Voucher Association (GCVA)

The Gift Card & Voucher Association (GCVA) is the trade body and membership organisation for gift cards and vouchers. The association represents the key players in the industry and promotes best practice for the benefit of gift card issuers, services and consumers. The GCVA's role is to protect and promote the gift card sector: keeping members up-to-date with trends, issues, challenges and opportunities; advocating on key legislation and regulation; creating opportunities for business development; commissioning relevant research; collaborating with stakeholders; delivering networking events; and promoting the high-quality businesses that join GCVA.

Appendix 2 GCVA Membership

Consultants

- Boon and Boon
- Brian Dunne
- Keystone Law
- Portadee

Issuers

- Azteco Holdings USA Inc.
- Buyagift
- EML Payments
- Lifestyle, part of Motivates
- Love2shop
- Miconex
- One4all
- Pluxee
- Prezzy
- Reward Gateway | Edenred
- The Gift Card Centre

Manufacturers

- Incodia International
- Orion Security Print
- SINC Novation
- Tag Systems UK Ltd
- Thames Technology

Retailers

- Aldi Stores Ltd
- Argos for Business

- Asda Stores Ltd
- B&Q Plc
- Boots Company Plc
- Chick-fil-A
- Circle K
- Currys
- Dunnes Stores
- Halfords
- Harrods
- Hotels.com
- John Lewis For Business
- Laithwaite's Wine
- Lastminute.com
- M&S
- Marston's
- Mitchells & Butlers
- National Book Tokens
- National Garden Gift Card
- New Look Ltd
- Next Retail Ltd
- Primark Stores Limited
- River Island Clothing Co Ltd
- Sainsbury's
- TUI UK Retail Ltd
- Tesco Bank
- Theatre Tokens
- Virgin Incentives
- WHSmith

Service Providers

- B.TheMarket
- B4B Payments

- Blackhawk Network (UK) Ltd
- BuyBox
- Cashwave
- Diggecard
- EZ Cards
- Edenred Payment Solutions
- Evouchers
- Finfare Connect
- Fiserv
- Giftcards.co.uk
- Giftify
- Givex
- GoGift
- InComm Payments
- Jigsaw Business Solutions
- Merit Incentives
- One Prepaid
- Runa
- SVS (Stored Value Solutions)
- Savvy
- Simply Thank You
- TDS Gift Cards
- Tillo
- Valuedynamx
- Variety Christmas Savings Club Limited
- Voucher Express
- Voucherline.com
- Wunschgutschein GmbH
- YouGotaGift
- ePay Worldwide

Start-up

- Fedrigoni
- Giftomatic B.V.
- HyperJar

- Kaldi Financial Technology
- Little Starts Gift Cards
- RLC Solutions

- ZIPZERO Global Limited
- fashioncheque