

E6 PAYMENTS TO EMPLOYEES PASSING PROFESSIONAL EXAMINATIONS (section 8)

APPLIES UNTIL 31 DECEMBER 2021

Where an employer makes an ex gratia payment to an employee for passing professional examinations, which are relevant to the individual's employment, no liability to income tax arises in respect of that payment, provided the following conditions are satisfied:-

- (a) The award is made at the sole discretion of the employer (i.e. the employer is under no obligation, contractual or otherwise, to make the award).
- (b) It is not a condition of the employee's employment that they sit and pass the examinations (e.g. dismissal does not automatically follow failure).
- (c) The award takes the form of a lump sum paid once and for all.
- (d) The aggregate of the awards per annum does not exceed £500, or equivalent if paid in non-cash form (e.g. vouchers). For the avoidance of doubt, any award made which is higher than £500 will be taxable to the extent that it exceeds £500 (and tax must be accounted for, accordingly, through the ETI Scheme).

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