

FRINGE BENEFITS TAX GUIDE  
ENTERTAINMENT EXPENSES

50/50 SPLIT METHOD TYPE OF ENTERTAINMENT	FBT APPLIES	TAX DEDUCTIBLE	CLAIM GST INPUT TAX CREDITS
<b>PROVIDED ON EMPLOYER'S BUSINESS PREMISES</b>			
■ tea, coffee	No	Yes <sup>^</sup>	Yes <sup>^</sup>
■ light refreshments - for meetings, overtime, working lunch etc	No	Yes <sup>^</sup>	Yes <sup>^</sup>
■ social functions - eg. Friday drinks or Christmas party	Yes	Yes <sup>#</sup>	Yes <sup>#</sup>
<b>BUSINESS LUNCH/DINNER AT RESTAURANT FOR EMPLOYEES, ASSOCIATES, CLIENTS</b>			
	Yes	Yes <sup>#</sup>	Yes <sup>#</sup>
<b>FOOD AND DRINK CONSUMED WHILE TRAVELLING OVERNIGHT ON BUSINESS</b>			
■ travelling employee's portion	No	Yes <sup>^</sup>	Yes <sup>^</sup>
■ non-travelling employee's portion	Yes	Yes <sup>#</sup>	Yes <sup>#</sup>
■ client's meal	Yes	Yes <sup>#</sup>	Yes <sup>#</sup>
■ travelling spouse's meal	Yes	Yes <sup>#</sup>	Yes <sup>#</sup>
<b>SOCIAL FUNCTION AT RESTAURANT OR FUNCTION CENTRE - EG. CHRISTMAS PARTY</b>			
■ food, drink, travel, accommodation	Yes	Yes <sup>#</sup>	Yes <sup>#</sup>
■ venue hire	Yes	Yes <sup>#</sup>	Yes <sup>#</sup>
■ taxi travel related to function	Yes	Yes <sup>#</sup>	Yes <sup>#</sup>
<b>GIFTS</b>			
■ eg. Christmas gift provided to employees, associates	Yes	Yes <sup>*</sup>	Yes <sup>*</sup>
■ eg. Christmas gift provided to clients, suppliers, sub-contractors	No	Yes <sup>^</sup>	Yes <sup>^</sup>
■ eg. sporting event tickets for employees, associates	Yes	Yes <sup>*</sup>	Yes <sup>*</sup>
■ eg. sporting event tickets for clients, suppliers, sub-contractors	No	No	No
<b>CORPORATE BOX FUNCTIONS</b>			
■ food and drink	Yes	Yes <sup>#</sup>	Yes <sup>#</sup>
■ hire of corporate box facility	Yes	Yes <sup>#</sup>	Yes <sup>#</sup>
■ advertising	No	Yes <sup>^</sup>	Yes <sup>^</sup>
<b>CORPORATE SPORTING DAYS</b>			
■ food and drink	Yes	Yes <sup>#</sup>	Yes <sup>#</sup>
■ venue hire to exclusion of others - ie. tennis court, golf course	Yes	Yes <sup>#</sup>	Yes <sup>#</sup>

\* Under the 50/50 method these costs are not classified as 'entertainment' for FBT purposes and therefore FBT applies to the whole expense.

<sup>^</sup> These expenses are not subject to FBT but are deductible to the business.

<sup>#</sup> FBT only applies to 50% of the expense and a tax deduction is only available for 50% of the expense.

2017/07

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CHARTERED ACCOUNTANTS

**ACTUAL METHOD**  
 TYPE OF ENTERTAINMENT

 FBT  
 APPLIES

 TAX  
 DEDUCTIBLE

 CLAIM GST  
 INPUT TAX  
 CREDITS

**PROVIDED ON EMPLOYER'S BUSINESS PREMISES**

- | ACTUAL METHOD<br>TYPE OF ENTERTAINMENT   | FBT<br>APPLIES | TAX<br>DEDUCTIBLE | CLAIM GST<br>INPUT TAX<br>CREDITS |
|--|----------------|-------------------|-----------------------------------|
| <ul style="list-style-type: none"> <li>tea, coffee</li> </ul>  | No             | Yes <sup>^</sup>  | Yes <sup>^</sup>                  |
| <ul style="list-style-type: none"> <li>light refreshments - for meetings, overtime, working lunch etc</li> </ul> | No             | Yes <sup>^</sup>  | Yes <sup>^</sup>                  |

**SOCIAL FUNCTIONS ON EMPLOYER'S BUSINESS PREMISES - EG. FRIDAY DRINKS OR CHRISTMAS PARTY**

- |   |     |     |     |
|---|-----|-----|-----|
| <ul style="list-style-type: none"> <li>food and drinks provided to employees, clients, contractors</li> </ul> | No  | No  | No  |
| <ul style="list-style-type: none"> <li>food and drinks provided to associates</li> </ul>                      | Yes | Yes | Yes |
| <ul style="list-style-type: none"> <li>taxi travel - eg. single trip that begins or ends at work</li> </ul>   | No  | No  | No  |

**BUSINESS LUNCH/DINNER AT RESTAURANT**

- |   |     |     |     |
|---|-----|-----|-----|
| <ul style="list-style-type: none"> <li>employees, associates</li> </ul> | Yes | Yes | Yes |
| <ul style="list-style-type: none"> <li>clients, contractors</li> </ul>  | No  | No  | No  |

**FOOD AND DRINK CONSUMED WHILE TRAVELLING OVERNIGHT ON BUSINESS**

- |   |     |                  |                  |
|---|-----|------------------|------------------|
| <ul style="list-style-type: none"> <li>travelling employee's portion</li> </ul>     | No  | Yes <sup>^</sup> | Yes <sup>^</sup> |
| <ul style="list-style-type: none"> <li>non-travelling employee's portion</li> </ul> | Yes | Yes              | Yes              |
| <ul style="list-style-type: none"> <li>client's meal</li> </ul>                     | No  | No               | No               |
| <ul style="list-style-type: none"> <li>travelling spouse's meal</li> </ul>          | Yes | Yes              | Yes              |

**SOCIAL FUNCTION AT RESTAURANT OR FUNCTION CENTRE - INC. FOOD, DRINKS, TRAVEL, ACCOMMODATION, AND VENUE HIRE**

- |   |     |     |     |
|---|-----|-----|-----|
| <ul style="list-style-type: none"> <li>employees, associates</li> </ul>           | Yes | Yes | Yes |
| <ul style="list-style-type: none"> <li>clients, contractors, suppliers</li> </ul> | No  | No  | No  |

**GIFTS**

- |  |     |     |     |
|--|-----|-----|-----|
| <ul style="list-style-type: none"> <li>eg. Christmas gift provided to employees, associates</li> </ul>               | Yes | Yes | Yes |
| <ul style="list-style-type: none"> <li>eg. Christmas gift provided to clients, suppliers, sub-contractors</li> </ul> | No  | Yes | Yes |
| <ul style="list-style-type: none"> <li>eg. sporting event tickets for employees, associates</li> </ul>               | Yes | Yes | Yes |
| <ul style="list-style-type: none"> <li>eg. sporting event tickets for clients, suppliers, sub-contractors</li> </ul> | No  | No  | No  |

**CORPORATE BOX FUNCTIONS**

- |  |     |                  |                  |
|--|-----|------------------|------------------|
| <ul style="list-style-type: none"> <li>provided to employees, associates - food and drink</li> </ul>                 | Yes | Yes              | Yes              |
| <ul style="list-style-type: none"> <li>provided to employees, associates - hire of corporate box facility</li> </ul> | Yes | Yes              | Yes              |
| <ul style="list-style-type: none"> <li>provided to clients, contractors - food and drink</li> </ul>                  | No  | No               | No               |
| <ul style="list-style-type: none"> <li>provided to clients, contractors - hire of corporate box facility</li> </ul>  | No  | No               | No               |
| <ul style="list-style-type: none"> <li>advertising</li> </ul>  | No  | Yes <sup>^</sup> | Yes <sup>^</sup> |

**CORPORATE SPORTING DAYS**

- |   |     |     |     |
|---|-----|-----|-----|
| <ul style="list-style-type: none"> <li>provided to employees, associates - food and drink</li> </ul>                    | Yes | Yes | Yes |
| <ul style="list-style-type: none"> <li>provided to employees, associates - venue hire to exclusion of others</li> </ul> | Yes | Yes | Yes |
| <ul style="list-style-type: none"> <li>provided to clients, contractors - food and drink</li> </ul>                     | No  | No  | No  |
| <ul style="list-style-type: none"> <li>provided to clients, contractors - venue hire to exclusion of others</li> </ul>  | No  | No  | No  |

<sup>^</sup> These expenses are not subject to FBT but are business deductible. Under this method, the Minor Benefits Exemption may apply to entertainment subject to FBT.

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