

## Tax implications for benefits provided this festive season

Employee Benefit	FBT Issue	Tax Deductible?	GST Claimable?
<b>Christmas Party- food and drink</b>			
Current employees			
Cost of Benefit per Guest under \$300(GST inclusive)	No	No	No
Cost of Benefit per Guest \$300 or over	Yes	Yes	Yes
Employees guest			
Cost of Benefit per Guest under \$300(GST inclusive)	No	No	No
Cost of Benefit per Guest \$300 or over	Yes	Yes	Yes
Clients or Suppliers – regardless of cost	No	No	No
<b>Christmas Party – entertainment (Band, DJ, Comedian etc.)</b>			
Current employees			
Cost of Benefit per Guest under \$300 (GST inclusive)	No	No	No
Cost of Benefit per Guest \$300 or over	Yes	Yes	Yes
Employees guest			
Cost of Benefit per Guest under \$300 (GST inclusive)	No	No	No
Cost of Benefit per Guest \$300 or over	Yes	Yes	Yes
Clients or Suppliers – regardless of cost	No	No	No
<b>50/50 method – entertainment</b>			
Current employees, family members, clients & suppliers			
Food & drink	50% FBT	50% deduction	
Hire of venue, function centre or restaurant	50% FBT	50% deduction	
Taxi travel etc.	50% FBT	50% deduction	
<b>Non Entertainment Gifts</b>			
Current employees			
Cost of gift less \$300 (GST inclusive)	No	Yes	Yes
Cost of gift \$300 or more	Yes	Yes	Yes
Family members			
Cost of gift less \$300 (GST inclusive)	No	Yes	Yes
Cost of gift \$300 or more	Yes	Yes	Yes
Clients, suppliers etc.	No	Yes	Yes
<b>Entertainment Gifts</b>			
Current employees			
Cost of gift less \$300 (GST inclusive)	No	No	No
Cost of gift \$300 or more	Yes	Yes	Yes
Family members			
Cost of gift less \$300 (GST inclusive)	No	No	No
Cost of gift \$300 or more	Yes	Yes	Yes
Clients, suppliers etc.	No	No	No

- 1: Exemption under s41 FBTA – provision of food and drink on premises on a working day. Applies only if 'actual' method used.
- 2: As this expenditure constitutes 'meal entertainment', businesses may elect to apply the 50/50 split or 12 week register method to value the fringe benefit. The relevant income tax and GST implications follow.
- 3: Minor benefit exemption under s58P FBTA – must be less than \$300 per benefit and satisfy relevant criteria. See TR 2007/12. Applies only if 'actual' method used.
- 4: Exemption under s58Z FBTA. Not applicable to associates of employees. Applies only if 'actual' method used.
- 5: Must value using 'actual' method only.