

Financial FACT SHEET

Inspiring Performance

50/50 Split Method Entertainment Expenses Guide

Type of Entertainment	FBT applies	Tax deductible	Claim GST input tax credits
Provided on employer's business premises			
» tea, coffee	No	Yes [^]	Yes [^]
» light refreshments—for meetings, overtime, working lunch etc	No	Yes [^]	Yes [^]
» social functions—eg. Friday drinks or Christmas party	Yes	Yes [#]	Yes [#]
Business lunch/dinner at restaurant for employees, associates, clients	Yes	Yes [#]	Yes [#]
Food and drink consumed while travelling overnight on business			
» travelling employee's portion	No	Yes [^]	Yes [^]
» non-travelling employee's portion	Yes	Yes [#]	Yes [#]
» client's meal	Yes	Yes [#]	Yes [#]
» travelling spouse's meal	Yes	Yes [#]	Yes [#]
Social function at restaurant or function centre—eg. Christmas party			
» food, drink, travel, accommodation	Yes	Yes [#]	Yes [#]
» venue hire	Yes	Yes [#]	Yes [#]
» taxi travel related to function	Yes	Yes [#]	Yes [#]
Gifts			
» eg. Christmas gift provided to employees, associates	Yes	Yes [*]	Yes [*]
» eg. Christmas gift provided to clients, suppliers, sub-contractors	No	Yes [^]	Yes [^]
» eg. sporting event tickets for employees, associates	Yes	Yes [*]	Yes [*]
» eg. sporting event tickets for clients, suppliers, sub-contractors	No	No	No
Corporate box functions			
» food and drink	Yes	Yes [#]	Yes [#]
» hire of corporate box facility	Yes	Yes [#]	Yes [#]
» advertising	No	Yes [^]	Yes [^]
Corporate sporting days			
» food and drink	Yes	Yes [#]	Yes [#]
» venue hire to exclusion of others—ie. tennis court, golf course	Yes	Yes [#]	Yes [#]

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

[^] These expenses are not subject to FBT but are deductible to the business.

[#] FBT only applies to 50% of the expense and a tax deduction is only available for 50% of the expense.



The Peak Partnership
CHARTERED ACCOUNTANTS

ACCOUNTING

TAXATION

BUSINESS ADVICE

FINANCIAL PLANNING

SUPERANNUATION

LENDING

RISK INSURANCE

DEBT RECOVERY

17 Mt Gravatt-Capalaba Road
(PO Box 6048)

Upper Mt Gravatt Qld 4122

P 07 3360 9888

F 07 3422 0999

peakpartnership.com.au

Actual Method

Entertainment Expenses Guide

Type of Entertainment	FBT applies	Tax deductible	Claim GST input tax credits
Provided on employer's business premises			
» tea, coffee	No	Yes [^]	Yes [^]
» light refreshments—for meetings, overtime, working lunch etc	No	Yes [^]	Yes [^]
Social functions on employer's business premises—eg. Friday drinks or Christmas party			
» food and drinks provided to employees, clients, contractors	No	No	No
» food and drinks provided to associates	Yes	Yes	Yes
» taxi travel—eg. single trip that begins or ends at work	No	No	No
Business lunch/dinner at restaurant			
» employees, associates	Yes	Yes	Yes
» clients, contractors	No	No	No
Food and drink consumed while travelling overnight on business			
» travelling employee's portion	No	Yes [^]	Yes [^]
» non-travelling employee's portion	Yes	Yes	Yes
» client's meal	No	No	No
» travelling spouse's meal	Yes	Yes	Yes
Social function at restaurant or function centre—eg. Christmas party, including food, drinks, travel, accommodation, and venue hire			
» employees, associates	Yes	Yes	Yes
» clients, contractors, suppliers	No	No	No
Gifts			
» eg. Christmas gift provided to employees, associates	Yes	Yes	Yes
» eg. Christmas gift provided to clients, suppliers, sub-contractors	No	Yes	Yes
» eg. sporting event tickets for employees, associates	Yes	Yes	Yes
» eg. sporting event tickets for clients, suppliers, sub-contractors	No	No	No
Corporate box functions			
» provided to employees, associates—food and drink	Yes	Yes	Yes
» provided to employees, associates—hire of corporate box facility	Yes	Yes	Yes
» provided to clients, contractors—food and drink	No	No	No
» provided to clients, contractors—hire of corporate box facility	No	No	No
» advertising	No	Yes [^]	Yes [^]
Corporate sporting days			
» provided to employees, associates—food and drink	Yes	Yes	Yes
» provided to employees, associates—venue hire to exclusion of others	Yes	Yes	Yes
» provided to clients, contractors—food and drink	No	No	No
» provided to clients, contractors—venue hire to exclusion of others	No	No	No

[^] These expenses are not subject to FBT but are deductible to the business.

Under this method, the Minor Benefits Exemption may apply to entertainment subject to FBT.

This Fact Sheet contains general advice that has been prepared without considering your objectives, financial situation or needs. You should consider the appropriateness of any advice before acting on it. Peak Partnership Pty Ltd ABN 24 064 723 550. Liability limited by a scheme approved under Professional Standards Legislation.