

50/50 split method						
Type of entertainment/non-entertainment	Meal entertainment ("ME")/Recreation ("R")/Entertainment facility leasing expense ("EFLE")	Subject to FBT (Y/N)	Tax deduction (Y/N) ^①	GST input tax credits (if GST paid) (Y/N)	References (where relevant)	
1. Provided on employer's business premises						
(a) Employee amenities for current employees – tea/coffee making facilities, water dispensers, food or drink vending machines.	Not entertainment	N ^②	Y	Y	IT 2675 TR 97/17 (paragraphs 19 & 56)	
(b) Light refreshments ^③ – in connection with meetings, training sessions, overtime, working lunch, weekend work, etc. – employees – clients, contractors, suppliers, etc.	Not entertainment Not entertainment	N ^④ N	Y Y	Y Y		
(c) Social activity/function (eg, Friday night drinks, Christmas party or similar function) – employees, associates, clients, contractors, etc. • food and drink (including alcohol, caterers, waiters and waitresses) • taxi travel related to function	ME ME ^⑤	Y (50%) ^④ Y (50%) ^④	Y (50%) ^④ Y (50%) ^④	Y (50%) ^④ Y (50%) ^④		
2. Business lunches and dinners – at a restaurant or similar venue						
– employees and associates – clients, contractors, suppliers, etc.	ME ME	Y (50%) ^④ Y (50%) ^④	Y (50%) ^④ Y (50%) ^④	Y (50%) ^④ Y (50%) ^④	TR 97/17 (paragraph 20)	
3. Food and drink consumed by employees travelling overnight on business						
(a) Travelling employee dines alone or with other travelling employees	Not entertainment	N ^⑥	Y	Y	TR 97/17 (paragraphs 70-93)	

50/50 split method						
Type of entertainment/non-entertainment	Meal entertainment ("ME")/Recreation ("R")/Entertainment facility leasing expense ("EFLE")	Subject to FBT (Y/N)	Tax deduction (Y/N) ^①	GST input tax credits (if GST paid) (Y/N)	References (where relevant)	
3. Food and drink consumed by employees travelling overnight on business, continued						
(b) Travelling employee dines with non-travelling employee						
- travelling employee's meal	Not entertainment	N ^②	Y	Y		
- non-travelling employee's meal	ME	Y (50%) ^③	Y (50%) ^④	Y (50%) ^⑤		
(c) Travelling employee dines with non-travelling client						
- travelling employee's meal	Not entertainment	N ^②	Y	Y	TR97/17 (paragraphs 70-96)	
- client's meal	ME	Y (50%) ^③	Y (50%) ^④	Y (50%) ^⑤		
(d) Travelling employee dines with spouse						
- travelling employee's meal	Not entertainment	N ^②	Y	Y		
- spouse's meal	ME	Y (50%) ^③	Y (50%) ^④	Y (50%) ^⑤		
4. Overnight conferences – employees only						
• food and drink provided during conference	Not entertainment	N ^②	Y	Y		
• food and drink consumed with entertainment (eg, dinner dance)	ME	Y (50%) ^③	Y (50%) ^④	Y (50%) ^⑤		
• game of golf, tennis, sightseeing, etc. during free time	R	Y ^⑦	Y ^⑧	Y ^⑨		
• accommodation during conference only	Not entertainment	N ^②	Y	Y		
• travel to and from conference venue	Not entertainment	N ^②	Y	Y		
5. Food and drink consumed by employees at seminars						
• light breakfast provided at CPD (morning) seminar	Not entertainment	N ^②	Y	Y	TR97/17 (paragraphs 68-69 & 104-116)	
• light refreshments provided (which may include some alcohol) at CPD seminar	Not entertainment	N ^②	Y	Y	TD 93/195	

50/50 split method						
Type of entertainment/non-entertainment	Meal entertainment ("ME")/Recreation ("R")/Entertainment facility leasing expense ("EFLE")	Subject to FBT (Y/N)	Tax deduction (Y/N) ^⓪	GST input tax credits (if GST paid) (Y/N)	References (where relevant)	
6. Social function – at a restaurant, function centre, or similar venue (eg, Christmas party, awards night, year end party, etc.)						
<ul style="list-style-type: none"> • food and drink (including alcohol), travel and/or accommodation – employees, associates, clients, contractors, etc. • venue hire – employees, associates, clients, contractors, etc. • band and/or other entertainers (eg, comedian) hired separately <ul style="list-style-type: none"> – employee and associates – clients, contractors, suppliers, etc. 	ME	Y (50%) ^⓪	Y (50%) ^⓪	Y (50%) ^⓪	TR 97/17 (paragraph 20)	
	EFLE ^⓪	Y (50%) ^⓪	Y (50%) ^⓪	Y (50%) ^⓪		
7. Gifts						
<ul style="list-style-type: none"> • bottle of whiskey, wine, or similar drink, Christmas hamper or similar food/drink baskets, perfume, flowers, pen set, etc. <ul style="list-style-type: none"> – employees and associates – clients, contractors, suppliers, etc. • tickets to theatre, movie, sporting event <ul style="list-style-type: none"> – employees and associates – clients, contractors, suppliers, etc. 	Not entertainment	Y ^⓪	Y	Y	TD 94/55	
	Not entertainment	N	Y	Y		
8. Corporate box functions						
<ul style="list-style-type: none"> • food and drink (including alcohol) – employees, associates, clients, contractors, suppliers, etc. • hire of corporate box^⓪ – employees, associates, clients, suppliers, contractors, etc. • advertising^⓪ 	ME	Y (50%) ^⓪	Y (50%) ^⓪	Y (50%) ^⓪	TD 92/162 TR 97/17	
	EFLE ^⓪	Y (50%) ^⓪	Y (50%) ^⓪	Y (50%) ^⓪		
	Not entertainment	N	Y	Y		

50/50 split method					
Type of entertainment/non-entertainment	Meal entertainment ("ME")/Recreation ("R")/Entertainment facility leasing expense ("EFLE")	Subject to FBT (Y/N)	Tax deduction (Y/N) [Ⓒ]	GST input tax credits (if GST paid) (Y/N)	References (where relevant)
9. Corporate sporting days (eg, golf/tennis)					
<ul style="list-style-type: none"> • food and drink (including alcohol) – employees, associates, clients, contractors, suppliers, etc. • hire of golf course, tennis courts, etc., to the exclusion of others – employees, associates, clients, contractors, suppliers, etc. 	ME	Y (50%) [Ⓓ]	Y (50%) [Ⓓ]	Y (50%) [Ⓓ]	
	ELFE [Ⓔ]	Y (50%) [Ⓔ]	Y (50%) [Ⓔ]	Y (50%) [Ⓔ]	

Ⓒ No deduction is allowed for any GST input tax credit entitlement relating to an employer's entertainment/non-entertainment expenditure. Refer to S.27-5 of ITAA 1997.

Ⓓ No FBT is payable because of the exemption under S.47(3) and (4) of the FBT Act.

Ⓔ Light refreshments basically comprise the following:

- *morning and afternoon teas* – which includes tea, coffee, fruit drinks, cakes, biscuits, etc.; and
 - *light lunches/meals* – which includes finger food (eg, pizza), sandwiches, salads, fresh fruit, soft drink, orange juice, etc., but does not generally include alcohol.
- Ⓕ No FBT is payable because of the exemption under S.41 of the FBT Act, assuming food and drink is provided on a working day to a current employee.

Ⓖ Where food and drink constitutes *meal entertainment*, only 50% of the employer's expenditure is:

- subject to FBT;
 - deductible (excluding any GST input tax credit entitlement); and
 - eligible for GST input tax credits (for any GST paid) – provided that either a special GST election or FBT election is in force, as discussed in more detail on the NTAA 2011 FBT Quality Control Disk. Refer to S.152B of the FBT Act, S.51AEA of the ITAA 1936, and S.69-5(3A)(a) and S.69-25 of the GST Act.
- Ⓗ Taxi travel (or any other travel and/or accommodation) related to a social function would normally be provided in connection with, or to facilitate, meal entertainment. Therefore, this expenditure would normally be exempt from the FBT payment summary reporting requirements. Refer also to the FBT Sub-Committee minutes of meeting dated 17 June 1999.

Further, the exemption for taxi travel under S.58Z of the FBT Act cannot apply under the 50/50 split method.

Ⓖ No FBT is payable because of the "otherwise deductible" rule (ie, a deduction would have been available to the employee if he/she had personally incurred the expense). However, in relation to employees travelling overnight on business (ie, Item 3. in the above table), where a meal is consumed with entertainment (eg, during a live floor show), the ATO is likely to argue meal entertainment is being provided. In this case, the "otherwise deductible" rule will not apply and, therefore, FBT will be payable to the extent of 50% of the employer's expenditure.