

## Meal entertainment demystified

<b>Actual entertainment expenditure method</b>						
Type of entertainment/non-entertainment	Meal entertainment ("ME")/Recreation ("R")	Subject to FBT (Y/N)	Tax deduction (Y/N) <sup>①</sup>	GST input tax credits (if GST paid) (Y/N)	References (where relevant)	
<b>1. Provided on employer's business premises</b>						
(a) Employee amenities for current employees – tea and coffee, water dispensers, food or drink vending machines.	Not entertainment	N <sup>①</sup>	Y	Y		
(b) Light refreshments <sup>②</sup> – in connection with meetings, training sessions, overtime, working lunch, weekend work, etc. – employees – clients, contractors, suppliers, etc.	Not entertainment Not entertainment	N <sup>③</sup> N	Y Y	Y Y	IT 2675 TR 97/17 (paragraphs 19 & 56)	
(c) Social activity/function (eg, Friday night drinks, Christmas party or similar function) • food and drink (including alcohol, caterers, waiters and waitresses) – employees – associates – clients, contractors, suppliers, etc. • taxi travel (eg, single trip that begins, or ends, at work) – employees (including accompanying spouse) – clients, contractors, suppliers, etc.	ME ME ME ME <sup>⑤</sup> ME <sup>⑤</sup>	N <sup>⑥</sup> Y <sup>④</sup> N N <sup>⑥</sup> N	N <sup>⑥</sup> Y <sup>④</sup> N N <sup>⑤</sup> N	N <sup>⑥</sup> Y <sup>④</sup> N N <sup>⑤</sup> N	TR 97/17 (paragraphs 27 & 43-56)	
<b>2. Business lunches and dinners – at a restaurant or similar venue</b>						
– employees and associates – clients, contractors, suppliers, etc.	ME ME	Y <sup>④</sup> N	Y <sup>④</sup> N	Y <sup>④</sup> N	TR 97/17 (paragraph 20)	

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<b>3. Food and drink consumed by employees travelling overnight on business</b>						
(a) Travelling employee dines alone or with other travelling employee	Not entertainment	N <sup>6</sup>	Y	Y		
(b) Travelling employee dines with non-travelling employee	Not entertainment	N <sup>6</sup>	Y	Y		
– travelling employee's meal						
– non-travelling employee's meal	ME	Y <sup>4</sup>	Y <sup>4</sup>	Y <sup>4</sup>		
(c) Travelling employee dines with non-travelling client	Not entertainment	N <sup>6</sup>	Y	Y	TR 97/17 (paragraphs 70-103)	
– travelling employee's meal						
– client's meal	ME	N	N	N		
(d) Travelling employee dines with spouse	Not entertainment	N <sup>6</sup>	Y	Y		
– travelling employee's meal						
– spouse's meal	ME	Y <sup>4</sup>	Y <sup>4</sup>	Y <sup>4</sup>		
<b>4. Overnight conferences – employees only</b>						
• food and drink provided during conference	Not entertainment	N <sup>6</sup>	Y	Y		
• food and drink consumed with entertainment (eg, dinner dance)	ME	N <sup>2</sup>	Y <sup>2</sup>	Y <sup>2</sup>		
• game of golf, tennis, sightseeing, etc. during free time	R	Y <sup>4</sup>	Y <sup>4</sup>	Y <sup>4</sup>	TR 97/17 (paragraphs 117-120)	
• accommodation during conference only	Not entertainment	N <sup>6</sup>	Y	Y		
• travel to and from conference venue	Not entertainment	N <sup>6</sup>	Y	Y		

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<b>5. Food and drink consumed by employees at seminars</b>						
<ul style="list-style-type: none"> <li>light breakfast provided at CPD (morning) seminar</li> <li>light refreshments provided (which may include some alcohol) at CPD seminar</li> </ul>	Not entertainment	N <sup>Ⓞ</sup>	Y	Y	TR 97/17 (paragraphs 68-69 and 104-116)	
	Not entertainment	N <sup>Ⓞ</sup>	Y	Y	TD 93/195	
<b>6. Social function – at a restaurant, function centre, etc. (eg, Christmas party, awards night or similar function) – employees and associates only <sup>Ⓞ</sup></b>						
<ul style="list-style-type: none"> <li>food and drink (including alcohol)</li> <li>travel and/or accommodation connected with function</li> <li>venue hire (eg, at a function or reception centre)</li> <li>band and/or other entertainers hired separately</li> </ul>	ME	Y <sup>Ⓞ</sup>	Y <sup>Ⓞ</sup>	Y <sup>Ⓞ</sup>	TR 97/17 (paragraphs 57 - 62)	
	ME <sup>Ⓞ</sup>	Y <sup>Ⓞ</sup>	Y <sup>Ⓞ</sup>	Y <sup>Ⓞ</sup>		
	R	Y <sup>Ⓞ</sup>	Y <sup>Ⓞ</sup>	Y <sup>Ⓞ</sup>		
	R	Y <sup>Ⓞ</sup>	Y <sup>Ⓞ</sup>	Y <sup>Ⓞ</sup>		
<b>7. Gifts</b>						
<ul style="list-style-type: none"> <li>bottle of whiskey, wine or similar drink, Christmas hamper or similar food/drink baskets, perfume, flowers, pen set, etc.</li> <li>– employees and associates</li> <li>– clients, contractors, suppliers, etc.</li> <li>tickets to theatre, movie, sporting event</li> <li>– employees and associates</li> <li>– clients, contractors, suppliers, etc.</li> </ul>	Not entertainment	Y <sup>Ⓞ</sup>	Y	Y		
	Not entertainment	N	Y	Y	TD 94/55	
	R	Y <sup>Ⓞ</sup>	Y <sup>Ⓞ</sup>	Y <sup>Ⓞ</sup>		
	R	N	N	N		

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<b>8. Corporate box functions</b>						
<ul style="list-style-type: none"> <li>• food and drink (including alcohol)                             <ul style="list-style-type: none"> <li>– employees and associates</li> <li>– clients, contractors, suppliers, etc.</li> </ul> </li> <li>• hire of corporate box<sup>②</sup> <ul style="list-style-type: none"> <li>– employees and associates</li> <li>– clients, contractors, suppliers, etc.</li> </ul> </li> <li>• advertising<sup>②</sup></li> </ul>	ME ME  R R  Not entertainment	Y <sup>②</sup> N  Y <sup>②</sup> N N	Y <sup>②</sup> N  Y <sup>②</sup> N Y	Y <sup>②</sup> N  Y <sup>②</sup> N Y	TD 92/162  TR 97/17	
<b>9. Corporate sporting days (eg, golf/tennis)</b>						
<ul style="list-style-type: none"> <li>• food and drink (including alcohol)                             <ul style="list-style-type: none"> <li>– employees and associates</li> <li>– clients, contractors, suppliers, etc.</li> </ul> </li> <li>• hire of sporting facilities (e.g., golf course)                             <ul style="list-style-type: none"> <li>– employees and associates</li> <li>– clients, contractors, suppliers, etc.</li> </ul> </li> </ul>	ME ME  R R	Y <sup>②</sup> N  Y <sup>②</sup> N	Y <sup>②</sup> N  Y <sup>②</sup> N	Y <sup>②</sup> N  Y <sup>②</sup> N		

① 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 the ITAA 1997.

② No FBT is payable because of the exemption under S.47(3) and (4) of the FBT Act.

③ 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.