

The Implications of Providing Entertainment Under the 'Actual Method'

Type of Entertainment/Non-Entertainment Provided:	Meal Entertainment or Recreation	Does FBT Apply	Income Tax Deduction	GST Claim
1. Provisions of Entertainment/non-entertainment on employer's business premises				
(a) Employee Amenities for current employees including tea and coffee, water dispensers, food and drink vending machines.	Not Entertainment	No	Yes	Yes
(b) Light Refreshments in connection with meetings, training sessions, overtime, working lunches, weekend work etc (Light refreshments include sandwiches, pizza, take away food and soft drink): <ul style="list-style-type: none"> • Employees • Clients, Contractors, supplies, etc. 	Not Entertainment Not Entertainment	No No	Yes Yes	Yes Yes
(c) Social Activity/Function such as Friday night drinks, Christmas party or similar function. Food and drink including alcohol, caterers, waiting staff etc: <ul style="list-style-type: none"> • Employees • Associates • Clients, contractors, suppliers, etc. 	Meal Entertainment Meal Entertainment Meal Entertainment	No Yes No	No Yes No	No Yes No
(d) A buffet dinner (without alcohol) provided as sustenance on the employer's premises before a monthly evening meeting	Not Entertainment	No	Yes	Yes
2. Business Lunches and Dinners at a Restaurant or Similar Venue				
<ul style="list-style-type: none"> • Employees • Clients, contractors, suppliers, etc. 	Meal Entertainment Meal Entertainment	Yes No	Yes No	Yes No
3. Food and Drink Consumed by Employees Travelling Overnight on Business				
(a) Travelling Employee dines alone or with other travelling employees	Not Entertainment	No	Yes	Yes
(b) Travelling Employee dines with non-travelling employee <ul style="list-style-type: none"> • Travelling employee's meal • Non-travelling employee's meal 	Not Entertainment Meal Entertainment	No Yes	Yes Yes	Yes Yes
(c) Travelling Employee dines with non-travelling client <ul style="list-style-type: none"> • Travelling employee's meal • client's meal 	Not Entertainment Meal Entertainment	No No	Yes No	Yes No
(d) Travelling Employee dines with spouse <ul style="list-style-type: none"> • Travelling employee's meal • Spouse's meal 	Not Entertainment Meal Entertainment	No Yes	Yes Yes	Yes Yes
4. Overnight Conference for Employees Only				
<ul style="list-style-type: none"> • Food and drink provided during conference • Food and drink consumed with entertainment • Game of golf, tennis, sightseeing etc. (During Free Time) • Accommodation during conference only • Travel to and from conference venue 	Not Entertainment Meal Entertainment Recreation Not Entertainment Not Entertainment	No No Yes No No	Yes Yes Yes Yes Yes	Yes Yes Yes Yes Yes
5. Food and Drink Consumed by Employees at Seminars				
<ul style="list-style-type: none"> • Food and drink provided during conference • Light refreshments provided at CPD seminar (May include alcohol) 	Not Entertainment Not Entertainment	No No	Yes Yes	Yes Yes
6. Social Functions at a Restaurant, Function Centre etc. for Employees and Associates only (E.g Christmas Party or Awards Night)				
<ul style="list-style-type: none"> • Food and drink provided during conference • Travel and/or accommodation connected with function • Venue hire (e.g at a function or reception centre) • Band and/or other entertainers (hired separately) 	Meal Entertainment Meal Entertainment Recreation Recreation	Yes Yes Yes Yes	Yes Yes Yes Yes	Yes Yes Yes Yes
7. Gifts				
(a) Bottle of whisky, wine or similar drink, Christmas hamper, perfume, flowers, pen sets etc. <ul style="list-style-type: none"> • Employees and associates • Clients, Contractors, suppliers etc. 	Not Entertainment Not Entertainment	Yes No	Yes Yes	Yes Yes

(b) Tickets to theatre, movie, sporting event • Employees and associates • Clients, Contractors, suppliers etc.	Recreation Recreation	Yes No	Yes No	Yes No
8. Corporate Box Functions				
(a) Food and Drink (including Alcohol) • Employees and associates • Clients, Contractors, suppliers etc.	Meal Entertainment Meal Entertainment	Yes No	Yes No	Yes No
(b) Hire of Corporate Box • Employees and associates • Clients, Contractors, suppliers etc.	Recreation Meal Entertainment	Yes No	Yes No	Yes No
(c) Advertising	Not Entertainment	No	Yes	Yes
9. Corporate Sporting Days (e.g Golf, Tennis etc.)				
(a) Food and Drink (Including alcohol) • Employees and associates • Clients, Contractors, suppliers etc.	Meal Entertainment Meal Entertainment	Yes No	Yes No	Yes No
(b) Hire of Sporting Facilities • Employees and associates • Clients, Contractors, suppliers etc.	Recreation Recreation	Yes No	Yes No	Yes No
10. Weekend planning retreat held by an employer at a hotel complex with conference facilities				
(a) Sandwiches, finger food and soft drink or fruit juice provided during lunch	Not Entertainment	No	Yes	Yes
(b) Evening dinner held on hotel premises with no associated entertainment	Not Entertainment	No	Yes	Yes
(c) Dinner held on or off the hotel premises with entertainment (eg. Live band or floor show)	Entertainment	Yes	No	No
(d) Dinner held off hotel premises (eg. At a local restaurant)	Not Entertainment	No	Yes	Yes