

# ENTERTAINMENT

*Presenter:*  
*Tony Evans*  
*Tax Specialist*  
*Gustax Consulting Pty Ltd*

October, 2004

GUSTAX CONSULTING PTY LTD  
(JUST TAX CONSULTING)

## CONTENTS

- 1. Definitions**
- 2. General Entertainment**
- 2. Meal Entertainment**
- 3. Entertainment facility leasing**
- 4. Entertainment provided by exempt bodies**

GUSTAX CONSULTING PTY LTD  
(JUST TAX CONSULTING)

## APPLICABLE LAW

- 1. 1936 Tax Act – Section 51AE**
- 2. 1997 Tax Act – Division 32**
- 3. FBT Act – Divisions 9A & 10**
- 4. GST Law – Division 69**
- 5. Benefit reporting**

GUSTAX CONSULTING PTY LTD  
(JUST TAX CONSULTING)

## 1.0 DEFINITIONS

- 1. Entertainment**
- 2. Meal entertainment**
- 3. When meals are not entertainment**
- 4. Entertainment facility leasing**
- 5. Fringe benefit**

GUSTAX CONSULTING PTY LTD  
(JUST TAX CONSULTING)

## 1.1 DEFINITIONS - ENTERTAINMENT

- 1. Actual definition**
- 2. ATO guidance**
- 3. Provision of:-**
  - 1. Food**
  - 2. Drink**
  - 3. Recreation**

GUSTAX CONSULTING PTY LTD  
(JUST TAX CONSULTING)

## 1.1 DEFINITIONS - ENTERTAINMENT

- 1. Actual definition**
- 2. ATO guidance**
- 3. Provision of:-**
  - 1. Food**
  - 2. Drink**
  - 3. Recreation**

GUSTAX CONSULTING PTY LTD  
(JUST TAX CONSULTING)

## **1.2 MEAL ENTERTAINMENT - DEFINITION**

- **Meal entertainment benefits**
- **Provision of meal entertainment**
  - Food or drink
  - Travel or accommodation
  - Payment or reimbursement of expenses
- **Only can be provided by employer**

GUSTAX CONSULTING PTY LTD  
(JUST TAX CONSULTING)

## **1.2 MEAL ENTERTAINMENT - DEFINITION**

- **Interpretation of definitions**
  - Wider than tax definition
  - Implications of limitations
    - Incurred by employer
    - Net expenditure
    - Other FBT rules apply if provided by others

GUSTAX CONSULTING PTY LTD  
(JUST TAX CONSULTING)

## **1.3 WHEN MEALS ARE NOT ENTERTAINMENT**

- **When food, drink & meals are not entertainment**
  - Type of food
  - When provided
  - Where provided
  - Why provided

GUSTAX CONSULTING PTY LTD  
(JUST TAX CONSULTING)

## **1.4 DEFINITION – ENTERTAINMENT FACILITY LEASING**

- **Definition**
  - Includes corporate boxes, boats & planes
  - Cannot be business premises
- **Does not include advertising**
  - signage
- **Excludes food & drink**
  - Normal entertainment rules apply to these items

GUSTAX CONSULTING PTY LTD  
(JUST TAX CONSULTING)

## **1.5 DEFINITIONS – FRINGE BENEFITS**

- **What is A Fringe Benefit**
  - Benefit
  - Provided to an employee or associate
  - Provided by the employer, an associate or another person under an arrangement
  - In respect of employment

GUSTAX CONSULTING PTY LTD  
(JUST TAX CONSULTING)

## **2.0 GENERAL ENTERTAINMENT**

- 1. Income tax consequences**
- 2. FBT consequences**
- 3. GST consequences**
- 4. Reporting issues**
- 5. Planning issues**

GUSTAX CONSULTING PTY LTD  
(JUST TAX CONSULTING)

### **2.1.1 GENERAL ENTERTAINMENT – INCOME TAX CONSEQUENCES**

No tax deduction available unless:-

- Not entertainment
- Subject to FBT
- Meets the various other exceptions

No tax deduction for property used to provide entertainment

GUSTAX CONSULTING PTY LTD  
(JUST TAX CONSULTING)

### **2.1.2 GENERAL ENTERTAINMENT – INCOME TAX CONSEQUENCES**

Exceptions

- Employer expenses
- Seminar expenses
- Entertainment industry expenses
- Promotion and advertising expenses
- Other Expenses

GUSTAX CONSULTING PTY LTD  
(JUST TAX CONSULTING)

### **2.1.2 GENERAL ENTERTAINMENT – INCOME TAX CONSEQUENCES**

Employer Expenses

- In-house dining facilities
- To employees associated with dining facility / entertainment industry
- Overtime arrangements under industrial instrument
- Recreational facilities
- Certain exempt fringe benefits
- Entertainment allowances

GUSTAX CONSULTING PTY LTD  
(JUST TAX CONSULTING)

### **2.1.2 GENERAL ENTERTAINMENT – INCOME TAX CONSEQUENCES**

Employer Expenses

- In-house dining facilities
- To employees associated with dining facility / entertainment industry
- Overtime arrangements under industrial instrument
- Recreational facilities
- Certain exempt fringe benefits
- Entertainment allowances

GUSTAX CONSULTING PTY LTD  
(JUST TAX CONSULTING)

### **2.1.2.2 GENERAL ENTERTAINMENT – INCOME TAX CONSEQUENCES**

Seminar Expenses

- Definition of eligible seminar
  - More than 4 hours
  - Not a management meeting
  - Food / drink are incidental
  - Sustenance
  - Travelling costs

GUSTAX CONSULTING PTY LTD  
(JUST TAX CONSULTING)

### **2.1.2.3 GENERAL ENTERTAINMENT – INCOME TAX CONSEQUENCES**

**Entertainment Industry Expenses**

- **Provided as part of your ordinary course of business**
- **Employees providing entertainment as part of their duties where the employer carries on a business of providing entertainment**

GUSTAX CONSULTING PTY LTD  
(JUST TAX CONSULTING)