

FBT & ENTERTAINMENT FACT SHEET
PREPARED BY MOBILITY ACCOUNTING SOLUTIONS

Situation	Expense category	Person	Tax Deductible?	GST Claimable?	FBT Applicable?
Food and drink (inc alcohol) consumed by on business premises ie: After work drinks, Christmas Party, other social function	Entertainment (In House)	Staff	No	No	No ¹
		Associates < \$300	No	No	No ²
		Associates > \$300	Yes	Yes	Yes ⁵
		Clients	No	No	No ³
Food and drink consumed off the premises	Entertainment (Meal)	Staff & Associates < \$300	No	No	No ²
		Staff & Associates > \$300	Yes	Yes	Yes ⁵
		Clients	No	No	No ³
Morning teas, light lunches, afternoon teas and drinks (no alcohol) consumed on business premises during work hours by staff or clients	Staff amenities		Yes	Yes	No
Food and drink (no alcohol) consumed while travelling overnight by staff	Travel		Yes	Yes	No

FBT Exemptions:

- 1- Exempt Property Benefits
 - Must be provided on a working day on your business premises and consumed by current employees
- 2- Exempt Minor Benefits
 - Provided the benefit is infrequent, irregular AND the cost is less than \$300
- 3- Clients
 - Clients FBT is only applicable to Staff and Associates – Clients are exempt

Other Considerations:

- 4- Separate benefits
 - Where you provide an employee with separate benefits that are in connection with each other (for example, a meal, a night's accommodation and taxi travel) you need to look at each individual benefit provided to the employee to see if the notional taxable value of each benefit is less than \$300. When determining if the notional taxable value of the benefit is less than \$300, benefits provided to associates are not included.
- 5- Moving FBT items to a loan account
 - It certain situations FBT may be avoided by moving the amount subject to FBT to a Directors/Shareholder's loan account. This results in the benefits being taxed at 30% rather than 47%. However, the resulting debit loan balance may lead to a dividend being paid.
 - Note that this should never be done without the consult of your client and their tax agent.