

# Tax Liabilities applicable on Entertainment at Charles Sturt University

July 2009

Circumstance in which food & drink are provided	Provided to	Meal & Entertainment	Sustenance i.e. Not Entertainment	FBT	Reportable	GST (ITC)
<b>CONSUMED ON EMPLOYER'S BUSINESS PREMISES</b>						
At a social function	Staff	Yes	No	Yes	No	Yes
	Associate	Yes	No	Yes	No	Yes
	Client	Yes	No	No	No	No
In an in-house dining facility (not at a social event)	Staff	No	Yes	No	No	Yes
	Associate	No	Yes	Yes	Yes	Yes
	Client	No	Yes	No	No	No
Morning & afternoon teas & light lunches i.e. No alcohol	Staff	No	Yes	No	No	Yes
	Associate	No	Yes	Yes	Yes	Yes
	Client	No	Yes	No	No	Yes
<b>FOOD &amp; DRINK CONSUMED OFF THE EMPLOYER'S PREMISES</b>						
At a social function or business lunch	Staff	Yes	No	Yes	No	Yes
	Associate	Yes	No	Yes	No	Yes
	Client	Yes	No	No	No	No
<b>BUSINESS TRAVEL FOR EMPLOYEES</b>						
Food and/or drink provided to employee	Staff	No	Yes	No	No	Yes
Wine accompanying an evening meal	Staff	No	Yes	No	No	Yes
Employee dines with a client who is travelling separately	Staff	No	Yes	No	No	Yes
Employer pays for all meals	Staff	No	Yes	No	No	Yes
	Associate	Yes	No	Yes	No	Yes
	Client	Yes	No	No	No	No
<b>USE OF CORPORATE CARD</b>						
Staff members dine together at a restaurant & the meal is paid for with the credit card	Staff	Yes	No	Yes	No	Yes
<b>MEALS CONSUMED BY STAFF MEMBERS WHILE ATTENDING A SEMINAR</b>						
Provided incidental to a seminar not held on the employer's premises	Staff	No	No	No	No	Yes
Light breakfast provided at a CPD seminar that does not satisfy "eligible CPD seminar"	Staff	No	Yes	No	No	Yes
Light refreshments (including moderate amount of alcohol) provided immediately after a CPD seminar that is not an eligible seminar	Staff	No	Yes	No	No	Yes
Alcohol provided at the conclusion of a CPD seminar with finger food	Staff	No	Yes	No	No	Yes
<b>CONSUMED BY STAFF MEMBERS AT EMPLOYER PROMOTIONS</b>						
Function not held on employer's premises & open to general public	Staff	Yes	No	Yes	No	Yes
Function held on employer's premises & open to the general public (eg graduations are not promotional events)	Staff	No	Yes	No	No	Yes
	Client	No	Yes	No	No	Yes
<b>FOOD &amp; DRINK PROVIDED WHILST OVERSEAS AND IS NOT CSU BUSINESS RELATED</b>						
Food & Drink	Staff	No	Yes	Yes	Yes	No
	Associate	No	Yes	Yes	Yes	No
	Client	No	Yes	No	No	No

## Glossary of definitions

Staff	Employee of CSU and affiliates includes NWIGC, Winery etc)
Associate	Includes all relatives, defacto, spouses, partners, partners' spouses & children.
Clients	Includes students, guests, business associates but not staff or associates.
FBT	Fringe Benefits Tax – is generally any material benefit. Other than salary or wages derived by an employee from employment. Usually takes a non-monetary form.
ITC	Input Tax Credit – where GST is charged on a taxable goods & services and can be claimed from the Australian Tax Office.
In-house Dining Facility	An approved internal dining facility is defined under Division 32 of the income Tax Assessment Act 1997 (“ITAA97”) to mean: <ul style="list-style-type: none"> <li>a) canteen, dining room or similar facility; or</li> <li>b) a café, restaurant or similar facility; and</li> <li>c) is operated wholly or principally for providing food or drink on working days to employees which is located on property occupied by the employer and is <b>not open to the public</b>.</li> </ul>
Social function	A social function is characterised by the provision of entertainment, amusement or hospitable provisions for the wants of a guest. A social function displays a clear intention to treat food or drink consumed in such situations as entertainment, where the purpose of the function is for the employees to enjoy themselves or interact, whether or not business discussions or business transactions occur at the same time. <p>In order to determine when the provision of food or drinks results in entertainment you should consider: the reason why; what type; when; and where it is being provided.</p>
Morning & Afternoon Tea/Light Lunches	Morning & afternoon tea includes light refreshments such as tea, coffee, juice, & biscuits, but does <b>not include alcohol</b> . Light lunches are treated the same way, and may include sandwiches, finger food, salads etc. It’s merely providing refreshment/sustenance only, & not for the entertainment or social interaction of recipients.
Eligible Continuing Professional Development (CPD) Seminar	To constitute a seminar within the meaning of Section 32-35 of ITAA97, the following conditions must be satisfied: <ul style="list-style-type: none"> <li>a) there must be a conference, convention, lecture, meeting, award presentation, speech, training session or educational course; and</li> <li>b) it must have a continuous duration of four (4) hours or more.</li> </ul> <p>Meals, rest or recreation breaks are not treated as affecting the continuity of a seminar &amp; are not taken into account in determining its duration.</p> <p>The sole or dominant purpose of the seminar must not be the promotion or advertising of the business or of the goods &amp; services which it provides. The sole or dominant purpose of the seminar must not be the provision of entertainment.</p> <p>If more than light refreshments are provided incidental to the CPD seminar, such as a gala dinner (meal entertainment as opposed to sustenance), then the cost of the meal entertainment will fall under another category.</p>