TD 1994/D15 - Fringe benefits tax: where an employer provides entertainment to both employees and non-employees, what is an acceptable method of determining the portion applicable to the employees for the purposes of the Fringe Benefits Tax Assessment Act 1986 (the Act)?

This cover sheet is provided for information only. It does not form part of *TD 1994/D15 - Fringe benefits tax: where an employer provides entertainment to both employees and non-employees, what is an acceptable method of determining the portion applicable to the employees for the purposes of the Fringe Benefits Tax Assessment Act 1986 (the Act)?*

This document has been finalised by TD 94/25.

Australian Taxation Office

Taxation Determination **TD 94/D15**

Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.

Draft Taxation Determination

Fringe benefits tax: where an employer provides entertainment to both employees and non-employees, what is an acceptable method of determining the portion applicable to the employees for the purposes of the *Fringe Benefits Tax Assessment Act 1986* (the Act)?

1. Where entertainment is provided by an employer a fringe benefit may arise under the Act. However, only that part of the benefit which relates to entertainment provided to an employee (or an associate of an employee) is subject to fringe benefits tax. Where the entertainment is provided to employees and non-employees jointly, it is necessary to determine that part of the benefit which relates only to the employees.

2. Where that part of the benefit which relates to employees only is not easily extracted from the available information, this Office will accept the use of a 'per head' basis of apportionment. However, a 'per head' basis will not be accepted where such a method would produce a clearly unreasonable result.

Example

Mary entertains 3 of her employer's clients at a local restaurant. In addition to paying for her own meal, Mary pays for the meals of the clients. Mary's employer reimburses Mary for the cost of the meals. The benefit provided to Mary is an expense payment fringe benefit. The taxable value of that benefit will be accepted as 25% of the amount reimbursed to Mary.

Commissioner of Taxation
17/2/94

FOI INDEX DETAIL: Reference No.

Related Determinations:

Related Rulings:

Subject Ref: entertainment, apportionment, expense payment fringe benefit, residual fringe benefit, property fringe benefit

Legislative Ref:

Case Ref:

ATO Ref: FBT Cell 30/81

ISSN 1038 - 8982