



TD 92/151 - Income tax: does subsection 51AE(4) operate to deny a deduction for the cost of a taxpayer's own meal if the taxpayer, while travelling away from home, also buys a meal for a client?

 This cover sheet is provided for information only. It does not form part of *TD 92/151 - Income tax: does subsection 51AE(4) operate to deny a deduction for the cost of a taxpayer's own meal if the taxpayer, while travelling away from home, also buys a meal for a client?*

 This document has changed over time. This is a consolidated version of the ruling which was published on *27 August 1992*

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, the Determination applies to transactions entered into both before and after its date of issue.

Taxation Determination

Income tax: does subsection 51AE(4) operate to deny a deduction for the cost of a taxpayer's own meal if the taxpayer, while travelling away from home, also buys a meal for a client?

1. Yes. Subsection 51AE(4) of the *Income Tax Assessment Act 1936* provides that a deduction is not allowable under section 51 for a loss or outgoing incurred after 19 September 1985 in respect of the provision of entertainment ('entertainment expenses'). The cost of a person's own meals while travelling away from home is not normally regarded as 'entertainment expenses'. However, expenses incurred by a taxpayer in entertaining a client, including the cost of the taxpayer's own meal, are regarded as 'entertainment expenses' and are not deductible.

2. Subsection 51AE(4) operates to deny a deduction for the cost of a taxpayer's meal while travelling away from home if the taxpayer also buys a meal for a client. Expenses incidental to the taxpayer's attendance at the meal are also not deductible.

Example

Joe is currently in America on an overseas business trip. Joe has dinner with his business client Fred. Joe pays for Fred's meal. Joe is not entitled to a deduction for any of the costs associated with his dinner with Fred, including the cost of his own meal.

Commissioner of Taxation
27/08/92

FOI INDEX DETAIL: Reference No. I 1213218

Subject Ref: entertainment; meals; travel

Legislative Ref: ITAA 51; ITAA 51AE

ATO Ref: 92/2719-9

ISSN 1038 - 3158