



TD 92/162 - Income tax: is the cost of a corporate box with associated advertising signs allowable as a deduction?

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 This document has changed over time. This is a consolidated version of the ruling which was published on *28 April 2010*

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVAAA 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.

[Note: This is a consolidated version of this document. Refer to the Tax Office Legal Database (<http://law.ato.gov.au>) to check its currency and to view the details of all changes.]

Taxation Determination

Income tax: is the cost of a corporate box with associated advertising signs allowable as a deduction?

1. The cost of a corporate box is not deductible under section 8-1 of the *Income Tax Assessment Act 1997* (ITAA 1997)¹ to the extent to which the expenditure is in respect of the provision of entertainment (section 32-5).
2. For the purposes of Division 32, the Commissioner may treat expenditure on a corporate box as having been incurred in respect of the provision of entertainment to such extent as the Commissioner considers reasonable (section 32-75). Expenditure on a corporate box which the Commissioner treats in that way is not deductible under section 8-1.
3. We generally accept that 5% of the total cost represents a proportion applicable to advertising, and 95% of the total cost is in respect of entertainment. However, we acknowledge that in some cases a taxpayer may be able to satisfy us that a higher proportion of the total cost is applicable to advertising.
4. In applying section 32-75 relevant factors that we consider in determining the amount of the deduction to be allowed include the size, location and prominence of the advertising signs, attendances, the type and extent of media coverage and the nature of the facilities provided in the box.

Commissioner of Taxation

01/10/92

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¹ All subsequent references are to the ITAA 1997 unless otherwise indicated.