TD 93/195 - Income tax: to what extent is a registration fee for a Continuing Professional Development (CPD) seminar deductible if a part of the fee represents the cost of food and drink to be provided as part of the seminar?

This cover sheet is provided for information only. It does not form part of *TD 93/195 - Income tax: to what extent is a registration fee for a Continuing Professional Development (CPD) seminar deductible if a part of the fee represents the cost of food and drink to be provided as part of the seminar?*

This document has changed over time. This is a consolidated version of the ruling which was published on *7 October 1993*

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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, this Determination applies to years commencing both before and after its date of issue. However, this Determination does not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

Taxation Determination

Income tax: to what extent is a registration fee for a Continuing Professional Development (CPD) seminar deductible if a part of the fee represents the cost of food and drink to be provided as part of the seminar?

1. If the registration fee is otherwise deductible under subsection 51(1) of the *Income Tax Assessment Act 1936*, other than as deductible travel, the extent to which the fee is deductible, according to the terms of section 51AE, is:

(a) if the food and drink does not amount to entertainment, the registration fee is deductible in full (see Taxation Ruling IT 2675 for an explanation of the meaning of the expression, 'entertainment by way of food and drink', which appears in subsection 51AE(3)).

(b) if the food and drink does amount to entertainment but the CPD seminar is an 'eligible seminar', the registration fee is deductible in full provided the food and drink was 'reasonably incidental' to a participant's attendance at the seminar (subparagraph 51AE(5)(f)(iv)). 'Eligible seminar' is defined in subsection 51AE(1) but 'reasonably incidental' is not defined. Food and drink is reasonably incidental to a CPD seminar if it:
   (i) is provided for sustenance because of the duration, time of day or location of the seminar;
   (ii) is provided immediately before, during or immediately following working sessions of the seminar; and
   (iii) is available to all seminar participants.

(c) if the food and drink does amount to entertainment but the CPD seminar is not an eligible seminar, the registration fee is deductible only to the extent that it does not represent a cost of food and drink. The level at which a registration fee is set is generally determined, at least in part, by the estimated costs of the organiser including the cost of food and drink to be provided. The amount of the registration fee to be disallowed is that amount included in the fee in respect of the food and drink. It is not necessary for a participant to actually consume any food or drink for the fee to be apportioned. It is simply enough that the fee includes an amount in respect of food and drink.

2. The following decision tree is a useful way of establishing the extent to which a registration fee is deductible:

Does registration fee satisfy s51(1)? No No part of fee deductible.

Yes

Does some part of registration fee represent cost of food and drink?	No	Fee fully deductible (s51(1))
Yes		
Does food and drink amount to entertainment?	No	Fee fully deductible (s51(1)).
Yes		
Is seminar an eligible seminar?	No	Fee deductible in part only (s.51AE)
Yes		
Is food and drink reasonably incidental to seminar?	No	Fee deductible in part only (s.51AE)
Yes		

Fee fully deductible (s51AE)

Examples

An industry association arranges a series of three seminars for its practising members on current legislative developments. The seminars have been structured as follows:

Description	*Seminar 1*	*Seminar 2*	*Seminar 3*
Seminar Type	*Workshop*	*Twilight*	*Luncheon*
Total Duration	*2 hours*	*5 hours*	*4 hours*
Starting Time	*2pm*	*4pm*	*11.30am*
Refreshments	*Afternoon Tea*	*Dinner*	*Lunch*
	15 minutes at 3pm	*1 hour at 6pm*	*1 hour at 1pm*
	Tea & Coffee	*3 course meal*	*2 course meal*

(The registration fee for Seminar 3 is $40 based on the association's estimated costs of $1000 venue hire, $600 speaker's fee, $400 photocopy and other administration costs and $3000 luncheon costs spread over 100 anticipated registrations - the amount included in each fee for food and drink is therefore $30).

Using the decision tree, the deductibility of each registration fee can be summarised as follows:

Satisfy s51(1)	*Yes*	*Yes*	*Yes*
Food & Drink	*Yes*	*Yes*	*Yes*
Entertainment	*No*	*Yes*	*Yes*
Eligible Seminar	*Not applicable*	*Yes*	*No*
Reasonably Incidental	*Not applicable*	*Yes*	*Not applicable*
Allowable	*In Full (s51)*	*In Full (s51AE)*	*$20 only (s51AE)*

Commissioner of Taxation
7/10/93

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