

QUICK REFERENCE

Tax treatment of staff Christmas parties and gifts

How the party and gifts are treated for FBT, income tax and GST. Based on the actual method of valuing entertainment, with amounts measured per person and including GST.

Benefit	FBT payable	Income tax deduction	GST credit
CHRISTMAS PARTY – entertainment			
At work, on a working day – employees On-premises exemption	No	No	No
At work – associates, under \$300 a head Partners and family; minor benefit	No	No	No
At work – associates, \$300 or more a head Employees' share stays exempt; minor benefit not available	Yes	Yes	Yes*
Off-site – employees and associates, under \$300 a head Restaurant or venue; minor benefit	No	No	No
Off-site – employees and associates, \$300 or more a head Minor benefit exemption not available	Yes	Yes	Yes*
Clients – any venue Not employees, so no FBT	No	No	No
50/50 split method elected Applies to all meal entertainment for the FBT year, including clients; overrides the actual-method outcomes above	50%	50%	50%
GIFTS TO EMPLOYEES			
Entertainment gift – under \$300 e.g. tickets to a movie, show or sporting event	No	No	No
Entertainment gift – \$300 or more	Yes	Yes	Yes*
Non-entertainment gift – under \$300 e.g. hamper, wine, flowers, vouchers	No	Yes	Yes*
Non-entertainment gift – \$300 or more	Yes	Yes	Yes*
Cash bonus Treated as salary – PAYG withholding and super apply	No	Yes	n/a

Yes FBT payable
Yes Deduction or credit available
No Not payable or not available
50% Half the cost

Minor benefits. Under \$300 is exempt only if the benefit is infrequent or irregular and it would be unreasonable to treat it as a fringe benefit. Each person is tested separately, and the party and a gift are tested separately.

Associates at an office party. The employees' share stays exempt under the on-premises exemption. Only the associates' share is tested against the \$300 limit.

Taxis and rideshare. Travel that starts or ends at the workplace is exempt. Home-to-venue trips need to qualify as a minor benefit.

*** GST credits.** GST credits are available only where GST is charged and the usual requirements are met. Most standard face-value gift cards have no GST on purchase, so no credit is available for their face value.

Cash bonus super. Under Payday Super, super on a cash bonus must generally reach the fund within 7 business days after payday.

Not-for-profits. Tax-exempt and not-for-profit employers have different entertainment rules. Talk to us first.