

Where you want to be.



Festive Season Tax Implications

December 2022

advice@adel.bentleys.com.au | 08 8372 7900
Level 5, 63 Pirie Street, Adelaide SA 5000
bentleys.com.au



➤ Advisors ➤ Accountants ➤ Auditors

‘Tis the season to be jolly!

With Christmas just around the corner, many employers are hosting Christmas parties, maybe even giving Christmas gifts. It would come as no surprise the Christmas Party and the giving of Christmas gifts can have income tax, fringe benefits tax and GST implications. Below is a quick outline of the festive season tax implications to help you avoid the ATO grinch.

Noting, the below tax outcomes may differ if you are a tax-exempt organisation or use the 50/50 split method for meal entertainment.

Christmas Parties

If the party is held on-premises on a working day and consumed by current employees, the cost is considered an “exempt property benefit” regardless of the cost per head. However, employers cannot claim a tax deduction or GST input tax credits. The property benefit exemption is only available for employees, not associates.

	Subject to FBT	Tax-Deductible	GST claimable
Party held on premises on a working day:			
Employees only	No	No	No
Family/associates (if <\$300 per head)	No	No	No
Family/associates (if \$300 or more per head)	Yes	Yes	Yes
Clients/suppliers/contractors	N/A	No	No
Party held off-premises (i.e. pub, restaurant):			
Employees, family, and associates (if <\$300 per head)	No	No	No
Employees, family, and associates (if \$300 or more per head)	Yes	Yes	Yes
Clients/suppliers/contractors	N/A	No	No



Christmas Gifts

The easiest way to avoid complexities with giving staff/employees a gift at the end of a long year is to ensure the gift costs less than \$300 (GST inclusive) per head. If it does, it is considered a “minor benefit” and not subject to FBT (provided it is also considered irregular and infrequent). Gifts of cash are considered salary and wages and subject to PAYG withholding.

	Subject to FBT	Tax-Deductible	GST claimable
Non-entertainment gifts (i.e., hampers, gift baskets, department store gift cards, sealed bottles of alcohol and flowers):			
Employees, family, and associates (if <\$300 per head)	No	Yes	Yes
Employees, family, and associates (if \$300 or more per head)	Yes	Yes	Yes
Clients/suppliers/contractors	N/A	Yes	Yes
Entertainment Gifts (i.e., restaurants, holidays, movie tickets, sporting events and concert tickets):			
Employees, family, and associates (if <\$300 per head)	No	No	No
Employees, family, and associates (if \$300 or more per head)	Yes	Yes	Yes
Clients/suppliers/contractor entertainment	N/A	No	No



Contact us

Please feel free to contact us if you have any questions regarding your Christmas show expenses.

Simon How

Partner, Taxation Consulting

+61 8 8372 7974

show@adel.bentleys.com.au

David Spurrirt

Partner, Taxation Consulting

+61 8 8372 7910

dspurrirt@adel.bentleys.com.au

Sonia Mascolo

Partner, Taxation Consulting

+61 8 8372 7994

smascolo@adel.bentleys.com.au

Rebecca Smith

Senior Manager, Taxation Consulting

+61 8 8372 7253

rsmith@adel.bentleys.com.au

Steven D'Annunzio

Senior Advisor, Taxation Consulting

+61 8 8372 7924

sdannunzio@adel.bentleys.com.au



Where you want to be

Address a critical business issue. Gain efficiency. Achieve strategic growth. Propel your organisation's success.

Contact Bentleys SA.

Bentleys is a network of independent advisory and accounting firms located throughout Australia, New Zealand and Asia. All members of the Bentleys Network are affiliated only, are separate legal entities and not in partnership. Limited liability by a scheme approved under Professional Standards Legislation. Bentleys is a member of Allinial Global – An association of independent accounting and consulting firms.



Level 5, 63 Pirie St Adelaide South Australia 5000
Telephone +61 8 8372 7900
advice@adel.bentleys.com.au | bentleys.com.au

 **Advisors**  **Accountants**  **Auditors**