

## Entertainment Tax

### 100% Deductible when not liable for FBT

**(Entertainment expenses will be 100% deductible and not liable for FBT if they're completely business related).**

- ✓ Meals an employee buys while travelling on business (unless it is with an existing or potential business contact, or the meal is a celebration, reception or similar event – in these situations it would only be 50% deductible)
- ✓ Food and drink provided at a conference, education course or similar event that lasts at least 4 hours (unless the conference is mainly for entertainment – in which case it would only be 50% deductible)
- ✓ Light meals provided in a dining room for senior managers and consumed as part of their duties (such as sandwiches provided during a board meeting)
- ✓ Entertainment that promotes your business (if the public has the same access to this as your employees, business contacts or people associated with the business – if the public has less access it would only be 50% deductible)
- ✓ Entertainment that is only a secondary part of either a function that is open to the public, or any trade display (for example, serving coffee at your business's trade display)
- ✓ Freebies promoting your business (such as branded stationery, but excluding any given to employees or people associated with you – these are only 50% deductible)
- ✓ Entertainment provided to someone who's going to review it for publication (such as giving a free meal to food critics)
- ✓ Entertainment provided at a discount, if your business regularly provides entertainment at market prices (for example, offering half-price meals at your restaurant)
- ✓ Entertainment enjoyed outside of New Zealand.

### 50% Deductible when not liable for FBT

**(This includes entertainment that is away from work or out of usual working hours, so it has a 'significant private element'. The expense will be 50% deductible even if you think the private element was than 50%).**

- ✓ Entertainment at sports or cultural events (for example, a corporate box)
- ✓ Business use of a holiday home
- ✓ Hiring a boat, and providing food and drink to people on it
- ✓ Food and drink you provide for social events (such as parties) or in an area set aside for senior employees (though there is an exception for 'light meals' consumed as part of the manager's duties, which are 100% deductible)
- ✓ Gifts of food and drink that benefit your business and are enjoyed privately by the person who receives them (for example, if you give a bottle of wine to each customer who buys a car off you)
- ✓ Supporting expenses for other entertainment that's 50% deductible, such as hire of wine glasses and wait staff for a party

## Entertainment Tax

### 100% Deductible when liable for FBT

**(Entertainment expenses will be 100% deductible and liable for FBT if they are received by employees because of the work they do). Rewarding them for their work efforts**

- ✓ Restaurant gift voucher
- ✓ Weekend away.

### 50% Deductible when liable for FBT

**(Entertainment expenses will be 50% deductible and liable for FBT if the benefit is not provided while the employee is working, or because of the work they do).**

- ✓ Can choose when and where they receive the benefit, or
- ✓ Will receive the benefit outside of New Zealand.

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