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FBT & CHRISTMAS PARTIES

With Christmas fast approaching, employers may be interested in reviewing the Fringe Benefits Tax (FBT) implications of providing Christmas parties for their employees and associates.

Christmas parties held on-site

For Christmas parties held on your business premises on a working day, the FBT implications are as follows:

- **Current employees** – the costs (such as food and drink) are exempt from FBT.
- **Associates / partners of employees** – the costs are subject to FBT, unless the cost of the party for each associate of an employee is less than \$300.

Christmas parties held off-site

For Christmas parties held off your business premises (for example, at a restaurant), the FBT implications are as follows:

- **Current employees** – the costs (such as food and drink) are subject to FBT, unless the cost of the party for each employee is less than \$300.
- **Associates / partners of employees** – the costs are subject to FBT, unless the cost of the party for each associate of an employee is less than \$300.

Please note that employers using the 50-50 split method for meal entertainment should use this method in relation to Christmas parties.

For income tax purposes, the cost of providing a Christmas party is tax deductible only to the extent that it is subject to FBT. Any costs that are exempt from FBT cannot be claimed as an income tax deduction.

Christmas Gifts

A Christmas gift given to an employee may be exempt from FBT if the value of the gift is less than \$300. Where the Christmas gift is given to the employee at the Christmas party, the value of each benefit is considered separately. That is, if the Christmas party and the gift are each less than \$300 in value and the other conditions of a minor benefit are met, they will both be exempt from FBT.

The Taxation Office has released a fact sheet containing information for employers about the possible FBT implications of providing Christmas parties for their employees and associates. The fact sheet is available at:

<http://www.ato.gov.au/businesses/content.asp?doc=/content/51481.htm&page=2&H2>.

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What is "OBM"? Open Book Management

OBM is applicable to any business environment in which making money, creating wealth, delivering quality products and services, and recruiting and retaining the best people are desired.

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