



HETHERINGTON JOHNSTON



# Entertainment expenses

## Table

### Entertainment expenses

EXPENSE	% DEDUCTIBLE
01 Friday night drinks for team members or clients in the office.	50
02 Friday night drinks for team members or clients in the pub.	50
03 Hire of a launch to entertain clients.	50
04 Restaurants providing food and drinks to team members at a social function in their restaurant.	50
05 Sponsoring local sports teams and receiving tickets to their corporate box in return. 50% of the value of the tickets would be deducted from the total sponsorship.	50
06 Sponsoring a sports team with a meal for the team at their grounds after each game.	50
07 The staff Christmas party on or off the business premises.	50
08 Taking a client out to dinner, whether in your hometown or while out of town on business in New Zealand.	50
09 A weekend away for the team at holiday accommodation in New Zealand. Includes any food and drink provided.	50
10 Dinner for a Sales Rep while out of town selling and no client present.	100
11 Donating food to a Christmas party in a children's hospital	100
12 Providing entertainment, including food and drink at your promotional stand for the local Christmas Festival open to the public.	100
13 Employee's salary package includes a taxable allowance for entertaining clients.	100
14 Golf club subscription for a business owner paid by the Company. ⓘ	100
15 Gym membership for a team member paid by the employer. ⓘ	100



Expenses incurred in providing golf club subscriptions and gym memberships to employees are 100% deductible and not subject to the Entertainment Expense 50% limitation.

However these expenses are subject to FBT. If the business pays an employee's golf club or gym membership subscription, it will be taxable to the employee under the PAYE rules. If the business has a corporate subscription that any employee can use, this will be subject to FBT.

## Entertainment expenses continued

	EXPENSE	% DEDUCTIBLE
16	Dinner for a journalist while reviewing your business for their column.	100
17	Morning and afternoon tea for your team.	100
18	Sandwiches provided at a lunchtime meeting of supervisors.	100
19	Sponsoring a local sports team.	100
20	Taking a client out to dinner while you are out of town on business outside New Zealand.	100
21	Holding the team Christmas party in Fiji.	50



Light refreshments such as morning and afternoon teas are 100% deductible. This is usually conditional on being provided at the business premises. A coffee with an employee off-site in a café will only be 50% deductible

However, where the business typically earns income by projects on construction or other project sites, while the worksite is not the usual business address, it is a temporary workplace and will be deemed to be provided on business premises. If a business owner buys coffees/morning tea for staff working on a building site, it's 100% deductible

Food and drink provided away from your business premises to share with clients and other business contacts is only 50% deductible. Coffees a business owner buys to take to a client's premises for a meeting are 50% deductible

Food and drink you buy for yourself is considered to be a private expense and isn't deductible, whether you are a business owner, a self-employed person, a shareholder employee or an employee. The lunch-time pie on the go, the coffee you buy in the morning to bring into the office are not deductible.

## Our recommendation

The rules are complex.

For big ticket items, please contact us on [team@hj.co.nz](mailto:team@hj.co.nz) or by phoning [04 566 3302](tel:045663302)