

# DLK ADVISORY

---

## FBT ON WORK CHRISTMAS PARTIES AND GIFTS

---



Ahead of the holiday season, the ATO has reminded employers about the potential FBT implications of providing Christmas parties and gifts. When planning Christmas parties, the ATO says employers need to check how much it will cost and where and when it is held. This is because a party held on business premises on a normal work day is treated differently to an event outside of work. The ATO said it is also necessary to keep good records and consider who is invited - is it just for employees, or are partners, clients or suppliers also invited?

The ATO noted that Christmas presents or gifts may also attract FBT, so employers should consider:

- the value of the gift;
- the type of gift (noting that gifts of wine or hampers are treated differently to gifts like tickets to a movie or sporting event); and
- who the gift is given to.

There are different rules depending on whether gifts are given to employees and clients or suppliers, the ATO said.

### FBT exempt benefits - minor benefits

Minor fringe benefits with a taxable value (if subject to FBT) of less than \$300 are (with certain exceptions) exempt benefits under s 58P of the Fringe Benefits Tax Assessment Act 1986. According to Ruling TR 2007/12, exempt minor benefits (which are valued at less than \$300) are likely to include Christmas gifts and a Christmas party.



The ATO's FBT guide for employers says a single gift at Christmas time to each employee of, say, a bottle of whisky or perfume would be an exempt benefit, where the value was less than the \$300 threshold for exempt minor benefits. However, if the gift is provided at a Christmas party, the ATO says the gift needs to be considered separately to the Christmas party when considering the minor benefits threshold.

## **CONTACT**

If you have any queries, please feel free to contact us.

Ben Melin  
[ben.melin@dlkadvisory.com.au](mailto:ben.melin@dlkadvisory.com.au)

David Lilja  
[david.lilja@dlkadvisory.com.au](mailto:david.lilja@dlkadvisory.com.au)

DLK Advisory  
Level 6, 2 Russell Street  
Melbourne VIC 3000  
T: +61 3 9923 1222

*Partnering together  
to achieve your objectives*