


IT 2094 - Income tax : entertainment expenses - council employee

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TAXATION RULING NO.IT 2094

INCOME TAX : ENTERTAINMENT EXPENSES - COUNCIL EMPLOYEE

F.O.I. EMBARGO: May be released

REF

H.O. REF: J35/500

DATE OF EFFECT: Immediate

B.O. REF: (Parra)

DATE ORIG. MEMO ISSUED: 6 July 1984

F.O.I. INDEX DETAIL

REFERENCE NO:

SUBJECT REFS:

LEGISLAT. REFS:

I 1119582

ENTERTAINMENT
EXPENSES

51

- COUNCIL EMPLOYEE

PREAMBLE

The question in issue in 84 ATC Case R41 and 27 CTBR(NS) Case 95 concerned the deductibility of entertainment expenses claimed by a health surveyor and building inspector for a shire council.

FACTS

2. The taxpayer claimed a deduction for the cost of providing an annual Christmas Party for his staff to help improve their morale. Family and friends of the taxpayer were expressly excluded from attending. The Deputy Shire Clerk gave evidence that since the taxpayer joined the Council there had not been any industrial problems at any staff level which was contrary to the usually high incidence of industrial disputes in many local government areas. He went on to say that in considering an applicant for such a position he would take into consideration the person's history of industrial problems. Taxation Board of Review No. 3 held that the entertainment was an essential element in the proper discharge of the taxpayer's duties.

RULING

3. The decision reached by the Board was open to it on the evidence adduced at the hearing. The decision should be applied in similar factual situations. It will, of course, be necessary to confirm that the factual situation in such cases is really comparable with the case before the Board.

COMMISSIONER OF TAXATION

26 July 1984<