## IT 2675A - Income tax and fringe benefits tax: entertainment - morning and afternoon teas; light meals and in house dining facilities

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Australian Government



Australian Taxation Office

# Addendum

## **Taxation Ruling**

Income tax and fringe benefits tax: entertainment – morning and afternoon teas; light meals and in house dining facilities

Since this ruling was issued, the *Income Tax Assessment Act 1997* has been enacted meaning that section 51AE of the *Income Tax Assessment Act 1936* does not have any effect after the 1997-98 year of income. In its place, Division 32 of the *Income Tax Assessment Act 1997* deals with the deductibility of entertainment expenses from this date. This Addendum updates Taxation Ruling IT 2675 as follows:

#### 1. Paragraph 1

(a) Omit the text of subparagraph (i); and substitute:

"in respect of the provision of entertainment' and therefore precluded by section 32-5 of the *Income Tax Assessment Act 1997* from being an allowable deduction in terms of section 8-1; or".

**(b)** In paragraph (b), omit 'subsection 51AE(1) of the ITAA'; substitute: 'section 32-55 of ITAA97'.

### 2. Paragraph 2

(a) Omit 'subsection 51AE(4) of the ITAA'; substitute: 'section 32-5 of the ITAA97'.

**(b)** Omit 'subsection 51(1) of the ITAA'; substitute 'section 8-1 of the ITAA97.

#### 3. Paragraph 3

Omit 'subsection 51(1)'; insert: 'section 8-1 of ITAA97'.

### 4. Paragraph 8

(a) In subparagraph (a), omit 'subsection 51AE(4)'; substitute 'section 32-5 of ITAA97'.

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**(b)** In subparagraph (b), omit 'subsection 51AE(5)'; substitute: 'subdivision 32-B of the ITAA97'.

#### 5. Paragraph 11

Omit 'subsection 51AE(1) of the ITAA'; substitute: 'section 32-55 of ITAA97'.

#### 6. Paragraph 13

(a) Omit 'subsection 51AE(4) of the ITAA'; substitute: 'section 32-5 of ITAA97'.

(b) Omit 'section 51 of that Act'; substitute: 'section 8-1 of ITAA97.'

#### 7. Paragraph 14

Omit 'subsection 51AE(3) of the ITAA'; substitute: 'section 32-10 of ITAA97'.

#### 8. Paragraph 17

Omit 'subsection 51(1) of the ITAA'; substitute: 'section 8-1 of the ITAA97'.

#### 9. Paragraph 18

(a) Omit 'subsection 51AE(5) of the ITAA'; substitute: 'subdivision 32-B of ITAA97"

- (b) Omit 'subsection 51AE(4); substitute: 'section 32-5 of ITAA97'.
- (c) Omit 'subsection 51(1); substitute: 'section 8-1 of ITAA97'.

#### 10. Paragraph 21

(a) Omit 'sub sub paragraph 51AE(5)(f)(i) or 51AE(5)(f)(ii)'; substitute: 'section 32.30 item 1.1 of ITAA97'.

(b) Omit 'subsection 51AE(4)'; substitute: 'section 32-5 of ITAA97".

#### 11. Paragraph 22

(a) Omit 'subsection 51AE(1) of the ITAA'; substitute: 'section 32.55 of ITAA97'.

(b) Omit subparagraphs (a) (b) & (c); substitute:

- (a) is on property you occupy; and
- (b) is operated mainly for providing food and drink to your employees; and

(c) is not open to the public'.

#### 12. Paragraph 25

Omit 'wholly or principally'; substitute: 'mainly'.

#### 13. Paragraph 26

Omit the text of the paragraph; and substitute:

'Whether a facility is operated "mainly" for a required purpose is determined by fact degree or impression.'

#### 14. Paragraph 28

(a) Omit 'subsection 51AE(1) of the ITAA'; substitute: 'section 32-55 of ITAA97'.

(b) Omit 'wholly or principally'; substitute: 'mainly'.

#### **Commissioner of Taxation** 4 October 2006

ATO references

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