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

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# 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'.

**(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 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**
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