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
4 October 2006

ATO references
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