

Fact sheet: Client gift expenses

Client gift expenses and their tax deductibility

Questions around gifts often come up when you want to celebrate special milestones in your relationships with valued customers. Or at Christmas time when you are planning events, thinking about ways to say thanks and spread some festive cheer with clients.

If you provide a gift to a client, depending on the type of gift, you may be able to claim a tax deduction. It may be completely deductible or only 50% deductible.

If the gift is in the nature of “entertainment”, such as food and wine, it will be 50% deductible.

If gifts consist of food or drink, you can only claim 50% of the expense as a tax deduction.

If gift baskets or hampers contain food or drink as well as other treats, the food or drink items are 50% deductible, but the other gift items are 100% deductible.

Keep these examples handy to help determine whether gifts to clients are completely deductible or only 50% deductible:

Client Gift	50% deductible	100% deductible
Bottle of wine or six pack of beer	✓	
Meal voucher	✓	
Basket of gourmet food	✓	
Box of chocolates/biscuits	✓	
Christmas ham	✓	
Calendar		✓
Book or gift voucher		✓
Tickets to a rugby game (but not corporate box entertaining)		✓
Movie tickets		✓
Presents (not food or drink)		✓

When you claim tax deductions for client gifts, you need to apportion the expense between the 100% deductible items and the 50% deductible items. We can help with this.

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