

Fact sheet: Entertainment expenses table

Entertainment Expenses Table

Eating and drinking		50% deductible	100% deductible	NOT deductible
1.	Friday night drinks for team members or clients in the office or the pub.	✓		
2.	Beers for yourself on a Friday night.			✓
3.	Restaurants providing food and drinks to team members at a social function in their restaurant.	✓		
4.	Taking a client out to dinner, whether in your hometown or while out of town on business in New Zealand.	✓		
5.	Taking a client out to dinner while you are on business outside New Zealand.		✓	
6.	Dinner for a Sales Rep while out of town selling and no client present.		✓	
7.	Employee's salary package includes a taxable allowance for entertaining clients.		✓	
8.	Morning and afternoon tea for your team. *		✓	
9.	Sandwiches provided at a lunchtime meeting of supervisors.		✓	
10.	Taking the family out for a meal on the business credit card. This is a private expense and not deductible.			✓
Activities				
11.	Hire of a launch to entertain clients.	✓		
12.	A weekend away for the team at holiday accommodation in New Zealand. Includes any food and drink provided.	✓		
13.	Strategic planning conference with the whole team away in Queenstown (a Tuesday to a Friday, i.e. 4 days): <ul style="list-style-type: none"> • Fares, accommodation, conference facilities and refreshments for duration of conference. • Team building exercises during the conference. • Guided tour with meals and celebratory dinner on Saturday night (after conference). • Saturday and Sunday night accommodation after conference for staff that want to stay after conference. ** 	✓	✓	
14.	Team kickoff, with catering.		✓	
15.	Golfing day with partners after the kickoff.	✓		
16.	Husband and wife have a business meeting over lunch.			✓
Sponsorships and memberships				
17.	Sponsoring local sports teams and receiving tickets to their corporate box in return. 50% of the value of the tickets would be deducted from the total sponsorship.	✓		
18.	Sponsoring a sports team with a meal for the team at their grounds after each game.	✓		

19.	Sponsoring a local sports team.		✓	
20.	Golf club subscription for a business owner paid by the Company. **		✓	
21.	Gym membership for a team member paid by the employer. **		✓	
	It's Christmas!			
22.	The staff Christmas party on or off the business premises.	✓		
23.	Holding the team Christmas party in Fiji. ***		✓	
24.	Donating food to a Christmas party in a children's hospital.		✓	
25.	Providing entertainment, including food and drink at your promotional stand for the local Christmas Festival open to the public.		✓	

* Note that:

- Light refreshments such as morning and afternoon teas are 100% deductible. This is usually conditional on being provided at the business premises. A coffee with an employee off-site in a café will only be 50% deductible
- However, where the business typically earns income by projects on construction or other project sites, while the worksite is not the usual business address, it is a temporary workplace and will be deemed to be provided on business premises. If a business owner buys coffees/morning tea for staff working on a building site, it's 100% deductible
- Food and drink provided away from your business premises to share with clients and other business contacts is only 50% deductible. Coffees a business owner buys to take to a client's premises for a meeting are 50% deductible
- Food and drink you buy for yourself is considered to be a private expense and isn't deductible, whether you are a business owner, a self-employed person, a shareholder employee or an employee. The lunch-time pie on the go, the coffee you buy in the morning to bring into the office are not deductible

** Note that:

- Expenses incurred in providing employee accommodation not required for a staff conference are 100% deductible and not subject to the Entertainment Expense 50% limitation. However, these expenses are subject to FBT.
- If the business reimburses the employee for accommodation not required for a conference, it will be taxable to the employee under the PAYE rules. If PAYE is deducted, then no FBT will apply.
- Expenses incurred in providing golf club subscriptions and gym memberships to employees are 100% deductible and not subject to the Entertainment Expense 50% limitation. However, these expenses are subject to FBT.
- If the business reimburses for an employee's golf club or gym membership subscription, it will be taxable to the employee under the PAYE rules. If the business pays the golf subscriptions directly or pays for a corporate subscription that any employee can use, this will be subject to FBT.

*** Note that:

- Even though the costs of a party held overseas for employees are not subject to an entertainment expense limitation (i.e. they are 100% deductible), the expenditure will be subject to FBT as the entertainment is incurred outside New Zealand.

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