



## e-News

Monday, 11th December 2023

Newsletter No 123

# Christmas Gifts & Tax Rules



When it comes to Christmas giving, creating goodwill with your staff, suppliers and your customers can be tax deductible if you do it within the rules. For the business manager or owner, the aim is to spread that goodwill without incurring an unexpected tax bill at the same time. The rules are complex so please check with your advisors about specific cases but here are some guidelines.

### **Giving to Clients/Customers/Contractors**

Fringe Benefits Tax (FBT) only applies to employees and their associates (spouse, partner), so it isn't a consideration when it comes to giving to your clients, customers, or contractors. However, if you would like to receive a tax deduction and GST credit for the expense incurred, then it is important to understand whether the gift is classified as entertainment or nonentertainment.

Different rules for gifts are considered "entertainment" and those which are not. Entertainment includes things such as tickets to sporting events or shows, restaurant meals, holidays, airline tickets, etc. ***Non-entertainment gifts can still be***

***fun and include things such as hampers, gift vouchers, alcohol and flowers***

for example. Entertainment gifts are non-tax deductible and you cannot claim a GST credit for them, whereas non-entertainment gifts are both tax deductible and you can also claim a GST credit. Therefore if the tax deduction and the GST credit are important, you should stick to non-entertainment gifts for your clients, customers and Contractors.

### **Giving to Staff**

When it comes to gift giving to staff, it is important to understand that Fringe Benefits Tax (FBT) can apply, however, there is an exemption available if the benefit is considered minor and this is often referred to as **the under \$300 rule**.

Where gifts are provided to staff at Christmas that are under \$300 then no FBT will apply. When it comes to claiming a tax deduction and GST credit, it is important to refer back to whether the gift is one of entertainment or non-entertainment. Non-entertainment gifts for staff will be tax deductible and you can claim the GST. On the other hand, ***entertainment gifts are not tax deductible and no GST credit can be claimed***. Therefore if the tax deduction is important, you should stick to non-entertainment gifts for your staff.

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## **In Other Bookkeeping\_BAS News...**

**Your Online Services - you will Control who has Access from 13 Nov:** If you engage a new agent, change to a new agent, or need to make changes to what your agent is authorised to do for you, you will need to go through the Agent nomination process. [Read more here for further details.](#)

**New Rules for Fixed Term Contracts:** From 6th December 2023 new rules apply to the use of fixed-term contracts. Learn more [at this Fair Work page](#).

**Next BAS due date:** The next quarterly BAS for **October to December 2023**, is due by **28th February 2024**. This applies regardless of the way you or your agent lodge BAS.

**ATO Scam Alert:** The ATO is aware of an impersonation email in circulation. This email references ATO security updates and asks recipients to update their multifactor authentication (MFA) by scanning a QR code. This code links to a **fake** myGov sign-in page and is designed to steal myGov sign-in details.

If you or your staff receive this email, do not scan the QR code, click on any links, open any attachments, or download any files. Forward the email to [reportscams@ato.gov.au](mailto:reportscams@ato.gov.au), and then delete it.

The ATO will never send you an email with a QR code or a link to log in to their online services. Visit [www.ato.gov.au/scamalerts](http://www.ato.gov.au/scamalerts) to find out more.

### **Issue impacting pay as you go instalment variations**

The ATO has advised there may be an issue impacting pay as you go (PAYG) installment variations.

If you have lodged a variation on your activity statement **since 25 August 2023**, please check your activity statement prior to your next lodgment. You may need to complete a new variation on the impacted activity statement.

**PayDay Super is Coming:** From 1 July 2026, employers will be required to pay their employees' super at the same time as their salary and wages. This will be known as "Payday Super".

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## Latest Articles



### **Managing MyGovID when Devices are Upgraded or Added**

Learn how to set up MyGovID on a new device or if you want to set it up on multiple devices.



### **Upcoming Changes to Workplace Laws**

Fair Work frequently updates payroll rules, and the current situation is no exception. Numerous aspects of payroll have recently changed or will soon change. For more information, please read our blog.



### **10 Ways Bookkeepers Can Use ChatGPT**

AI is here and ChatGPT is here. Read more here about how bookkeepers can use ChatGPT to help run their businesses.



### **Xero Tips & Tricks**

Here is my list of useful tips and tricks that I use when wrangling Xero. I'll try to keep adding new tips etc as I discover them. I hope you find them useful.

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