



University of
South Australia

Memorandum

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To: UniSA Staff
From: Kristian Thoroughgood, Tax Accountant
Date: 4/09/2009
Subject: FBT treatment for Gift of Knowledge Lectures:
- Working Links
- Body of Knowledge
- Science and Engineering for a Sustainable Future
- Engineering and the Environment
- Hawke Research Institute Professional Lecture Series

Important:

The tax analysis outlined in this memo applies only to the specific scenario and facts as outlined below. If the facts change or vary from those outlined below in a material manner, this memo cannot be relied upon, and you should contact the [UniSA tax accountant](#).

1. Executive Summary

- 1.1. The Gift of Knowledge (GoK) Lecture series is not 'entertainment' provided to staff.
- 1.2. Costs relating to these series will be exempt from FBT (including catering and meal/drinks related costs)
- 1.3. The FS71 should be completed, selecting box one, and using item code 2970 (for staff and non-staff).
- 1.4. If the costs incurred had GST in the price, remember to use the tax code 'T' for these costs.

2. Facts

- 2.1. The GoK series is a free public lecture series. These are attended by members of the public and interested staff members.
- 2.2. These lectures are provided on University premises.
- 2.3. The lectures go for an hour, after which there is opportunity for networking. Where these sessions are held in the afternoon/evening, drinks are provided.
- 2.4. Networking sessions are incidental to the lecture, and are an opportunity to speak with the Presenter.
- 2.5. Lectures are on a variety of topics, outlining latest developments in a range of research topics, etc.

3. Detailed analysis

- 3.1. As employees attend these sessions, we need to consider whether UniSA has provided 'entertainment' to these staff, which would result in an FBT issue.

3.2. The ATO has provided in [Taxation Ruling TR 1997/17](#) a discussion on light meals provided during Continuing Professional Development (CPD) seminars:

Example 13.2

113. An employer pays for an employee to attend a seminar (that does not satisfy 32-35) that is held from 7.00 am to 9.00 am and is part of a Continuing Professional Development (CPD) program. The seminar is held in a hotel and a light breakfast is provided.

114. The food or drink provided in these circumstances does not amount to entertainment and is, therefore, not meal entertainment. However, it does constitute a property fringe benefit. The full cost of attending the CPD session would have been deductible to the employee under section 8-1 of the ITAA. Therefore, the taxable value of the property fringe benefit can be reduced to nil under the 'otherwise deductible' rule.

Example 13.3

115. An employer reimburses an employee for the cost of a CPD session (that does not satisfy section 32-35) that is held between 6.00 pm and 8.00 pm. The cost includes a small but identifiable amount to cover light refreshments (including a moderate amount of alcohol) provided immediately after the session.

116. The food or drink provided in these circumstances does not amount to meal entertainment. The cost of the seminar would have been 'otherwise deductible' to the employee had it not been reimbursed. Therefore, the employer's FBT liability is reduced to nil under the 'otherwise deductible' rule.

Whilst these sessions are not strictly CPD sessions, I consider these are similar enough in nature, and therefore it is likely that the food and drink provided at these sessions would not be considered to be entertainment.

Further, it is also likely that UniSA staff attending these seminars would be entitled to a tax deduction. This is on the basis that recent research in areas of interest to attending staff are likely to be sufficiently related to their employment or income producing activity.

Finally, as these sessions are provided to the public at no cost, I would anticipate that there would be some argument under the valuation rules that would reduce the taxable value (and therefore the FBT) to zero also (i.e. – the in-house residual benefit rules).

I conclude these seminars are exempt from FBT and not entertainment.

Kristian Thoroughgood
Tax Accountant