Finance Guidelines - Entertainment, FBT and Private Expenditure

Section 1 - Purpose

(1) This guideline supports the Finance Management Policy and provides direction for:

a. expenditure on entertainment and hospitality
b. application of fringe benefits tax, and
c. assessing whether specific expenditures are personal or business expenses.

Scope

(2) This guideline applies to all employees, students, contractors and visitors and others when University funds are being used.

Section 2 - Policy

(3) See the:

a. Finance Management Policy
b. Travel Policy

Section 3 - Procedures

(4) See the:

a. Finance Procedure - Procurement
b. Finance Procedure - University Corporate Expense Card
c. Finance Procedure - Entertainment Expenses

Section 4 - Guidelines

Part A - Entertainment and hospitality

(5) This part outlines permitted entertainment expenditure in relation to:

a. alcohol
b. official functions
c. working breakfasts/lunches/dinners
d. staff farewells

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e. common area appliances & consumables
f. bereavement offerings, and
g. tipping.

Alcohol

(6) The University and its controlled entities have a duty of care to all staff and guests and generally do not support the provision or consumption of alcohol where the University's business is being conducted. This is especially the case where staff may be required to travel home or resume duties following the consumption of alcohol. Refer to the Alcohol and Other Drugs Policy.

(7) Stocked alcohol cabinets for small-scale entertainment may be maintained for the purpose of offering hospitality to external visitors and guests of the University. Alcohol purchased from University funds is not to be taken home.

(8) Where alcohol is to be served, a person with a Responsible Service of Alcohol certificate must be present for the duration of the event.

(9) For approved entertainment, in line with these guidelines, alcohol consumption may be allowable where reasonable steps are taken to ensure the safety and wellbeing of staff, and compliance with the Alcohol and Other Drugs Policy.

(10) There are circumstances where alcohol consumption may be incidental to work related event or activities. Where the activity is driven by business purposes and not purely for entertainment, alcohol consumption may be allowable and may not be considered entertainment. Examples may include a working dinner while hosting external guests. Alcohol consumption in these circumstances should be managed responsibly by the individual, ensuring the safety of all in attendance and that there is no impairment to the individual's ability to complete work tasks.

Official functions

(11) Expenditure for official functions is permitted when:

a. the number of University staff attending an official function is limited to those with a direct involvement in the business being conducted; that is, only those who will be able to advance the University's business, and
b. the number of University staff attending comprises a minor or balanced proportion to external representatives. It should be considered and objectively justifiable if the number of University attendees exceeds the number of external attendees.

Breakfast/lunch/dinner

Meetings (face to face)

(12) Expenditure for breakfast, lunch, or dinner is not permitted for half-day and other short meetings, except where the meeting extends into the normal breakfast, lunch, or dinner period. In those cases, the following conditions apply:

a. the only available time for the meeting occurs during the normal lunch or breakfast period
b. the circumstances do not reasonably allow staff to make their normal arrangements for lunch or breakfast
c. there are demonstrable cost advantages in holding meetings during the normal lunch or breakfast period, and
d. meetings include external attendees.

All-day meetings/training sessions/seminars (face to face)

(13) Reasonable expenditure for lunch or dinner is permitted for participants and presenters in all-day meetings, training sessions, and seminars hosted by the University.

Team meetings/standard business operations

(14) Catering for meetings in the normal course of business is not permitted (e.g., morning tea for team meetings).

Lunches/dinners at external venues when hosting guests

(15) Expenditure for lunch or dinner at an appropriate cost is permitted for official visitors and guests meeting with University representatives for official or business enhancement purposes. Prior approval is required from a staff member with appropriate financial delegation, who will also not be in attendance at the meeting in question. Selected venues and costs must be reasonable, justifiable and appropriate for the type of function or entertainment activity.

(16) This approval should be in writing and in response to a submission which includes the following details of the lunch/dinner:

a. date
b. location
c. purpose
d. names of attendees (staff members and guests)
e. estimated cost, and
f. the expected benefits or outcomes for the University as a result of hosting the guest(s).

Staff farewells

(17) Gifts and function costs for departing staff should ordinarily be paid for from a voluntary collection from staff. It is reasonable to use University funds for gifts, and morning or afternoon tea for long serving employees. The cost at these events should not exceed $30 (exc GST) per head. Refer to the Recognition of Service Guidelines which provide further guidance around University funded contribution to a gift and appropriate service milestone to allow events.

Bereavement offerings

(18) Where sent on behalf of the University and not individuals, it is reasonable to purchase a wreath or other floral arrangement for the funeral of a student, staff member, or person who has had a close and beneficial association with the University or to contribute an equivalent amount to a nominated charity. Expenditure in relation to such purchases is to be limited to $150-$200 and clearly denoted as coming from the University and not from individuals.

Tipping

(19) The University will not meet the cost of tipping for any service provided in Australia. The University will only meet the cost of tipping to a maximum of 10% where the service was received overseas and where tipping is allowed under legislation in that country (see also the 'Anti-bribery obligations' heading in the Finance Procedure - Entertainment Expenses. These amounts should be accounted for when submitting travel claims as an incidental budget item.

Other University gifts

(20) Where a gift from the University is approved:

a. departure gifts to employees must be consistent with the Recognition of Service Guidelines
b. gifts to visiting ministers or other dignitaries must be made in consultation with the Communications and Government Relations, as stated in the Protocols Procedure - Official Visits, and
c. gifts of appreciation for the purpose of University business (e.g. to institutions hosting a University delegation or to individuals for contributions to a University event) should be reasonably priced in proportion to the contribution, up to a maximum value of $250. University merchandise is the preferred gift for these purposes.

Part B - Fringe benefits tax (FBT)

FBT guidelines

(21) The University is an income tax-exempt organisation. As a result, fringe benefits tax (FBT) liabilities may apply to some expenditures. A fringe benefit can arise where:

a. the University or a third party provides goods or services to an employee
b. the University pays an employee's, or their associate's expenses, or
c. the University reimburses an employee for an expense.

(22) Fringe benefits tax will apply where:

a. a benefit is provided in respect of the employment of an employee
b. a benefit is provided by the University or a third party under an arrangement, or
c. a benefit is provided to an employee (present, former and future) or their associate (a spouse, partner, child or relative of an employee).

(23) If a transaction results in an applicable fringe benefits tax liability, the amount will be allocated to the applicable budget centre incurring the expense. For inquiries about fringe benefits tax contact the Division of Finance via tax@csu.edu.au.

(24) An entertainment fringe benefit may arise when the University provides an employee or an associate of an employee with entertainment – which typically involves food, drink, or recreation. Examples include:

a. social functions
b. Christmas functions
c. fundraising dinners
d. award dinners
e. business lunches off business premises (and while not travelling overnight)
f. tickets for theatrical and sporting events, and
g. sightseeing.

(25) Any FBT applicable to the provision of entertainment to employees or associates is payable by the relevant budget centre.

(26) For the purpose of FBT, spouses, partners, or other family members are considered to be associates, however FBT is not applicable to students or other third parties.

Entertainment expenditure for the purpose of FBT

(27) For the purposes of FBT, expenditure in respect of entertainment is by way of food, drink, or recreation. It also includes accommodation and travel that arise when providing such entertainment.

(28) This does not mean that entertainment occurs every time food or drink is provided, but only when the food and drink provide entertainment. The major factors to be considered are the following:

a. Why is the food or drink being provided? For example, food or drink provided for refreshments or sustenance during an all-day work meeting would not typically be classed as entertainment. However, food or drink provided at a social function or a fundraising dinner would be.
b. What food or drink is being provided? Light meals, morning and afternoon teas are generally not considered to

be entertainment. As meals become more elaborate, they tend to take on more characteristics of entertainment.

c. Where is the food or drink being provided? A light working lunch provided on business premises would not generally be considered entertainment. A business lunch or dinner at a restaurant off business premises would be.

(29) Factors that would generally indicate that food or drink is the provision of entertainment:

a. alcohol
b. a substantial meal
c. a social occasion, including award dinners and fundraising dinners
d. high costs per head, and
e. minor business purpose.

(30) Factors that would generally indicate that the food or drink is not the provision of entertainment:

a. a clear business activity
b. no alcohol
c. refreshments or light meal only
d. business premises
e. agenda and outcomes
f. low cost per head
g. eligible seminar or exempt training seminar (details below).

Eligible seminar or exempt training seminar

(31) To qualify as an eligible seminar, the seminar must:

a. be a conference, convention, lecture, training session, or speech
b. have a duration of at least four hours (excluding breaks)
c. involve food or drink merely incidental to the seminar, provided as refreshments and light meals only, and
d. meet the requirements listed in clause (30) a-f.

(32) The following are not eligible seminars:

a. business discussions in the normal course of business, unless it is an exempt training seminar
b. seminars with the sole or dominant purpose of the promotion or advertising of the business, and
c. seminars with the sole or dominant purpose of the provision of entertainment.

(33) To qualify as an exempt training seminar, the seminar must:

a. be organised to discuss general policy issues and/or enable employees to discuss general policy issues relevant to the internal management of the University’s business
b. not be held on University premises; it must be held on premises of a person whose business includes the organising of seminars or making premises available for those purposes
c. have a duration of at least four hours (excluding breaks), and
d. food or drink merely incidental to the seminar and provided as refreshments and light meals only.

(34) Refreshments or light meals comprise the following:

a. morning and afternoon teas – cakes, biscuits, non-alcoholic beverages, and
b. light meals – includes finger food, sandwiches, salads, fresh fruit.

Part C - Personal expenses

(35) It is acknowledged that there will be circumstances in which a proportion of expenditure is private (for example, hotel accounts containing alcohol consumption, entertainment, private phone call charges). The private component of these charges should be paid and settled by the employee, and not charged to the University. If the personal use of a University mobile phone/tablet exceeds incidental use, staff will be invoiced by the University in relation to those calls or charges that are for personal use.

(36) In circumstances where the nature of the expenditure is unclear, the expenditure will be deemed private and will be payable by the employee.

(37) There are some common instances where an employee is seeking guidance on whether an expense is personal or connected to the University's business activities or perhaps both. In many cases, the employee has incurred an expenditure and seeks reimbursement. The University will only reimburse an employee or pay an employee's expenditures if they satisfy the expenditure principles and rules in the Finance Management Policy. Otherwise, if there is any doubt, the expenditure should be treated as a private expenditure and payable by the employee.

(38) The following types of expenditures are examples of private expenses and not allowable business expenditures unless otherwise approved by the Vice-Chancellor or their nominee:

a. car cleaning (personal and/or salary sacrificed vehicles)
b. dinners/functions/entertainment at an employee's private residence, unless approved by the Vice-Chancellor before the event
c. domestic internet and telephone accounts, unless working off-campus is a condition of employment.
d. donations paid to others
e. fines (including traffic and parking infringements, and library fines)
f. flowers and gifts unless approved by the relevant Band 8 or Band 7 approval authority
g. newspapers, magazines and other publications for general interest reading
h. personal clothing, apparel or other items for personal use, even when travelling on University business
i. travelling expenses such as movie hire fees, mini-bar consumption, personal grooming, and recreation activities
j. memberships of professional associations, unless the payment is a condition of the employment contract
k. memberships of airline lounges unless allowed by the Travel Policy
l. staff farewell events, unless approved in line with the above policy guidance
m. tipping in Australia (refer to the Travel Policy for tipping while travelling overseas), and
n. meals, where a meal is otherwise provided as part of a function or event.

Section 5 - Glossary

(39) Nil.

Section 6 - Document Context

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