

Client gift expenses and tax deductibility

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.