

Tax Tip

Week of December 26, 2011

Christmas Parties and Taxable Benefits

If an employer holds a Christmas party and the total cost is less than \$100 per person, individuals attending the event will not receive a taxable benefit. However, if the cost per person exceeds \$100, the entire cost of the event may be a taxable benefit to the employee. If the employee's spouse attends the function, the individual would receive a taxable benefit if the total cost exceeds \$200. When planning such functions, it is important to remember that the benefit is not prorated between taxable and non-taxable. If the event cost \$105 per head, the entire \$105 is taxable not just the \$5 that exceeds the CRA's threshold of \$100.

This policy applies to social events, rather than business meetings. Thus, if the meeting included customers or suppliers, attending such a meeting would not result in a taxable benefit. The court case relied on by CRA is *Dunlap vs. the Queen* and it was primarily aimed at Christmas parties.