Hospitality Procedure

Section 1 - Purpose and Scope

(1) Hospitality may attract public, stakeholder and government scrutiny regarding the appropriateness of an event and give rise to employee benefits that have tax implications. As a result, hospitality is a high-risk activity that can present reputational and financial risks.

(2) Hospitality assessment provides assurance that a hospitality activity or event is appropriate, reasonable, aligned with a legitimate UQ purpose, capable of withstanding public scrutiny and that appropriate documentation is held to meet tax obligations.

(3) The purpose of this Procedure is to:

a. define hospitality at UQ,
b. identify the various categories of hospitality at UQ,
c. document when hospitality assessment and approval is required,
d. list the types of tax assessable costs that must be included in a hospitality assessment, and
e. outline the roles and responsibilities of staff involved in planning, assessing, approving and administering hospitality.

Context

(4) Hospitality refers to the act of welcoming and hosting staff, students and external parties through the provision of food, beverages and recreational experiences and includes any incidental goods and services purchased to support the hospitality.

(5) Where University resources are used to supply hospitality, the hospitality activity or event will become subject to assessment under this Procedure.

(6) If the assessment demonstrates the hospitality activity or event is considered entertainment for Fringe Benefits Tax (FBT) purposes, and no FBT exemption applies, UQ is required by the Australian Taxation Office (ATO) to apply FBT to the associated costs.

Scope

What is a hospitality activity or event?

(7) A hospitality activity or event is a gathering of people for a shared purpose, objective, or experience where hospitality is provided to attendees.

(8) A hospitality activity or event typically:

a. has a defined group of attendees;
b. takes place in a shared location or setting;
c. has a common purpose or objective;

d. begins when attendees come together for that purpose;
e. ends when attendees disperse or the purpose of the gathering changes.

(9) Hospitality assessments consider the hospitality costs of an activity or event as a whole, in relation to its appropriateness as activity for UQ and when determining UQ's liability for FBT.

(10) For the purposes of this Procedure, hospitality may include but is not limited to:

a. Food or beverages purchased from cafes, restaurants, supermarkets or similar suppliers;
b. Catering packages provided by an external supplier or any of UQ's Controlled Venues;
c. Food and beverages purchased during Overnight Business Travel where the expenditure does not meet all the criteria to be considered meals and incidentals during Overnight Business Travel (OBT);
d. Recreational/leisure activities (e.g. tickets to sporting or cultural events, tours and other social activities);
e. Conference registration add-ons including food or beverages of a certain value and activities that do not qualify as professional development, that are primarily offered for recreational/leisure or social purposes, for sightseeing, or for personal enjoyment;
f. Event registration that includes food, beverages or recreational/leisure activities, purchased primarily for networking, social interaction, team building or community events, including any event or registration costs that do not meet the definition of a Conference registration;
g. Event registration fees that include food, beverages or recreational/leisure activities that are paid on behalf of non-UQ employee attendees;
h. Alcohol purchased to replenish the Vice-Chancellor's liquor cabinet or similar stocks;
i. Travel and accommodation provided in connection to a hospitality activity or event (including taxis, rideshare services and bus hire); and
j. Other incidental costs incurred when providing hospitality including venue hire, staffing and service costs.

(11) Hospitality at UQ is categorised as:

a. Corporate hospitality: hospitality primarily provided to host external groups and individuals not employed by the University.
b. Employee hospitality: hospitality provided for an internally focused activity or event, primarily for staff employed by the University.
c. Fee-for-service hospitality: hospitality provided at events that are organised by (or for) UQ and revenue is generated. These event/s will have an external focus; the revenue generated is beyond internal UQ funding and has a direct link to the activity or event.

Assessable hospitality

(12) All hospitality requires a hospitality assessment unless it is specifically classified as non-assessable hospitality under this Procedure.

(13) The ATO generally considers the provision of food, drink or recreation, and associated any incidental purchase such as accommodation or travel, to be entertainment. Whether hospitality is not entertainment under ATO rules depends on factors such as why it is provided, what is provided, when it is provided and where it is provided.

(14) UQ must be able to demonstrate why hospitality is not entertainment or, where it is entertainment, why an FBT exemption applies. FBT will be incurred on the cost of a hospitality activity or event where it is deemed entertainment, and no FBT exemptions apply. UQ must record this assessment by capturing the information and justification required for taxation record-keeping purposes.

(15) The UniTask Hospitality Approval form is the mechanism for collecting the required documentation under this Procedure.

Non-assessable hospitality

(16) Certain hospitality purchases may be exempt from FBT where specific conditions apply. Based on ATO guidance, Finance has identified eligible hospitality purchases that do not require a hospitality assessment. These purchases are classified as non-assessable hospitality. Because they present minimal governance and reputational risk, hospitality approval is also not required. Non-assessable hospitality is limited to the following:

a. Low Value UQ Controlled Venue exceptions
b. Commercial food and beverage inventory
c. Meals during overnight business travel. Where alcohol exceeds reasonable thresholds, meals during overnight business travel will become assessable
d. All-inclusive professional development registration fees
e. Low value professional development registration fee meal add-ons
f. Professional development activities
g. Basic amenities provided for staff kitchens and UQ meeting rooms.

(17) For criteria and guidance on non-assessable hospitality, refer to: Assessable and Non-assessable Hospitality.

(18) Refer to the Reportable Gifts and Benefits Procedure and the Conflict of Interest Policy when hospitality is offered by a person or group that is external to UQ.

Section 2 - Process and Key Controls

(19) Hospitality assessment and approval is the key control measure at UQ. Assessment and approval are undertaken via UniTask request. A completed request is required for all assessable hospitality activities and events at UQ.

(20) Employees must undertake appropriate planning and due diligence to ensure the proposed hospitality activity or event is necessary, appropriately justified, and can be conducted in accordance with University requirements before submitting a UniTask assessment or purchasing any goods and services. Employees organising hospitality activities or events must:

a. clearly define the purpose and business justification for the activity or event
b. understand and comply with applicable UQ and local hospitality requirements
c. consider procurement requirements, preferred suppliers, and UQ-controlled venues when planning
d. confirm funding availability and any applicable spending constraints with the relevant Budget Holder or Financial Delegate
e. determine the expected number of attendees
f. determine when and where the activity or event will be held
g. prepare an agenda where required for business hospitality activities or events
h. obtain reasonable, accurate, and supportable cost estimates
i. identify any anticipated revenue associated with the activity or event
j. make reasonable efforts to minimise FBT exposure where appropriate.

(21) Expenditure on hospitality must be approved in accordance with the Outgoing Payments Procedure.

(22) Hospitality approval assesses hospitality-related compliance, taxation, and governance requirements only. It does

not confirm funding availability, budget capacity, procurement compliance, or financial approval.

(23) Staff must consider the FBT implications that expenditure on hospitality will have for the University.

Section 3 - Key Requirements

Fringe Benefits Tax (FBT)

(24) The provision of hospitality by UQ may have FBT implications, the consequences of which can significantly increase the cost of hospitality being provided. The UniTask Hospitality assessment will determine if FBT applies based on the circumstances provided for an activity or event. If FBT obligations do arise, staff should consider if alternative options are available that would not trigger an FBT obligation.

Tipping on Hospitality

(25) Consistent with expected standards of accountability and the efficient use of public sector funds, the use of UQ funds for tipping in Australia is not encouraged. Any tipping in Australia should be capped at no more than 10% of the service (e.g. the meal cost).

(26) UQ recognises that tipping culture differs between countries overseas. Where it is custom to do so, tipping at the average percentage for the country is acceptable.

Hospitality assessment and approval

(27) Hospitality approvers should consider if the proposed hospitality activity or event is:

a. Reasonable, proportionate and capable of withstanding public, audit and stakeholder scrutiny. Activities that may be perceived as excessive or inappropriate require additional review and oversight.
b. Compliant with local requirements - Faculties, schools and organisational units may establish hospitality requirements that are more restrictive than University-wide requirements. Hospitality assessments provide a mechanism to ensure these local standards are considered.

(28) The Hospitality Approval and Tax Assessment request in UniTask (also referred to as ‘UniTask assessment’ and ‘hospitality request’) is UQ's authorised process for conducting hospitality assessments and approvals.

(29) The hospitality request guides the hospitality requestor or owner through a series of questions, and reviews assessable hospitality costs in the context of the activity or event.

(30) The assessment utilises the input data to determine:

a. the applicable taxation treatment, including FBT and non-claimable GST
b. the total assessable hospitality cost
c. the natural account and tax treatment required for processing transactions in UniFi and ExpenseMe Pro
d. the hospitality category, hospitality type and associated risk rating
e. whether hospitality approval is required.

(31) The UniTask assessment also supports the record-keeping requirements necessary to substantiate taxation outcomes and demonstrate compliance with ATO obligations.

(32) Where approval is required, UniTask will identify the appropriate Hospitality Approver and route the request to them for approval. In assessing a hospitality request against the Hospitality Approval Framework, the Hospitality Approver must be satisfied that:

a. the information and supporting documentation are complete, accurate, and sufficient to support the assessment outcome
b. the hospitality supports a legitimate University purpose and is not primarily for the personal benefit of employees
c. the hospitality activity or event is necessary and proportionate to its intended purpose
d. the activity or event is appropriate and capable of withstanding public, stakeholder, and audit scrutiny
e. the hospitality complies with this Procedure and any applicable local hospitality requirements
f. the nominated Hospitality Owner is appropriate and able to provide adequate oversight of the activity or event.

(33) The Hospitality Approver must escalate a request where an actual, potential, or perceived conflict of interest exists, or where they are unable to make an impartial decision.

Corporate Hospitality

(34) Corporate hospitality includes expenditure incurred by UQ:

a. to host and entertain external groups and individuals not employed by the University (e.g. corporate clients and stakeholders); or
b. when UQ staff entertain donors, sponsors, collaborators, students, granting bodies, or other customers; or
c. when UQ staff entertain external parties while on business travel.

(35) Expenditure on corporate hospitality must only be incurred where it is essential to further the official business of the University. Corporate hospitality must not be used as a substitute for general business meetings that would ordinarily be conducted in the workplace.

(36) The attendance of UQ staff at corporate hospitality events must be limited to those with direct involvement in the business being conducted.

(37) Corporate Hospitality Categories include:

a. Small Corporate events (10 or less attendees)
b. Large Corporate events (More than 10 attendees)
c. Corporate Boxes and Tickets for Leisure activities and events
d. Liquor cabinets.

(38) Corporate hospitality categories are approved on a per-person cost basis; along with predefined maximum spend bands. Refer to the approval matrix for further information.

Employee Hospitality

(39) Employee hospitality is expenditure incurred by UQ with an internal focus, to provide hospitality to staff employed by the University, and for events that are predominantly attended by University staff (e.g. food and beverages provided during training courses/workshops, strategy days, staff functions and celebratory events).

(40) Employee Hospitality Categories include:

a. Working meals: Expenditure may be incurred on meals, which may include morning and afternoon teas, where staff are required to:
    i. work through normal meal periods or beyond normal business hours;
    ii. attend Organisational Unit meetings during normal meal periods;
    iii. attend internal training events (e.g. staff development programs); or

iv. attend interview panels, working groups or committee meetings.

b. Retreats, workshops and planning days[1]: Expenditure may be incurred for a retreat, planning day/s or workshop, including those attended by students or other related individuals of UQ (e.g. unpaid title holders).

c. Awards and celebrations[2]: Expenditure may be incurred to provide hospitality for significant staff celebrations and events, including but not limited to:
   i. celebration of significant business achievements or staff awards;
   ii. farewell staff who have made a significant contribution to the University; and
   iii. Christmas parties, end-of-year functions or other social events that are of clear benefit to staff morale.

d. Certain conference registration add-ons, including:
   i. Meals, food or beverage activities that cost $180 or more per attendee
   ii. Leisure/recreational activities of any value.

[1] IMPORTANT: staff must carefully consider the public scrutiny and community expectations of the University incurring expenditure on internal focused retreats, strategy days and workshops where it involves recreation activities, travel or overnight accommodation.

[2] The celebration or event must be accessible to all employees within the relevant area. Consumption of any alcohol is in accordance with UQ's Alcohol and Other Drugs Policy.

(41) Conferences may include hospitality as part of an all-inclusive registration fee. This Procedure does not apply in those instances as the costs are non-optional. The all-inclusive registration fee should be approved in line with other relevant policies and procedures.

a. Networking events:
   i. Where networking events include hospitality (food or beverages), the cost for staff to attend the event will be covered by this Procedure (e.g. business luncheons, business breakfasts, Q&A/panel events with food or beverages).
   ii. Where UQ is paying for a staff member as well as corporate clients/stakeholders to attend a networking event, refer to the 'Corporate Hospitality' part of this Procedure.

b. Charity and other community events:
   i. Where charity and other community events include hospitality (food or beverages), the cost to attend the event will be covered by this Procedure (e.g. purchasing a table at a charity function, purchasing tickets to a fundraising/charity event).
   ii. Where UQ is primarily paying for non-staff to attend a charity event with a staff member (e.g. corporate clients/stakeholders), refer to the 'Corporate Hospitality' part of this Procedure.

(42) Employee hospitality categories are approved on a per-person cost basis; along with predefined maximum spend bands. Refer to the approval matrix in the Hospitality Approval Framework for further information.

Fee for Service Hospitality

(43) Fee for Service Hospitality is expenditure incurred where hospitality is provided at events that are organised by (or for) the University and revenue is generated. (i.e. has an external focus and is income generating.)

(44) To be considered fee for service hospitality, the revenue generated must cover at least 50% of the anticipated costs of the event.

(45) Revenue generated from the event can be via:

a. a fee charged to participants;
b. sponsorship by a third party; or
c. funding from a third party (excludes internal funding from other Organisational Units of UQ).

(46) For hospitality provided at events that are attended predominantly by University employees and associates (even if a fee is charged) refer to the 'Employee Hospitality' part of this Procedure.

(47) For hospitality provided at events where the expected revenue or sponsorship is less than half of the cost of the event, refer to 'Corporate Hospitality' part of this Procedure.

Section 4 - Roles, Responsibilities and Accountabilities

All UQ Staff

(48) All UQ staff are responsible for:

a. complying with the hospitality requirements as set out in this Procedure, and any other advice or directive issued by the Taxation Unit;
b. following the Outgoing Payments Procedure for all University expenditure;
c. providing any relevant supporting documentation to the Taxation Unit or other areas of the Finance and Business Services Division when requested.

Hospitality Requestor

(49) The Hospitality Requester is the UQ employee who prepares and submits the hospitality request. This may be Hospitality Owner or a delegate acting on their behalf (for example, an Executive Assistant or support staff member). The hospitality requestor is responsible for:

a. gathering the information required to support the request
b. ensuring the information provided is complete and accurate
c. entering the request details in UniTask
d. identifying the correct Hospitality Owner, where applicable.

Hospitality Owner

(50) The Hospitality Owner is the UQ employee responsible for overseeing a hospitality activity or event. This includes responsibility for key details such as the attendees, purpose, timing and location of the activity. The Hospitality Owner is typically the primary contact for the event and, where relevant, the principal traveller. The role does not require budget ownership; rather, it is the individual responsible for organising and making decisions about the activity. The hospitality owner is responsible for ensuring:

a. the hospitality complies with UQ this Procedure, hospitality guidelines and any applicable local requirements
b. The financial approvers are aware of the planned activity and associated costs, including any potential FBT and non-claimable GST
c. reasonable steps have been taken, where practicable, to minimise FBT and use preferred venues or suppliers
d. the hospitality has a valid business purpose, and the proposed costs are reasonable and proportionate
e. all information provided in the request is accurate, complete and current.

Hospitality Approver

(51) The Hospitality Approver is a UQ employee who holds the appropriate delegated authority and meets the minimum management level requirements for hospitality approvals (as determined by the approval matrix and actioned within UniTask). The hospitality approver is responsible for:

a. assessing the request against the Hospitality approval criteria (refer to table 1)
b. identifying and managing actual, potential or perceived conflicts of interest
c. reviewing the information and supporting documentation to ensure it is accurate, reasonable and sufficient to support an informed decision
d. identifying risk indicators, information gaps and inconsistencies, and seeking clarification, requesting amendments or challenging information where appropriate
e. requesting amendments, applying approval conditions or rejecting requests that do not satisfy the hospitality approval criteria
f. rejecting requests that present an unacceptable reputational risk to UQ.

Section 5 - Monitoring, Review and Assurance

Taxation Unit

(52) The Taxation Unit is responsible for assessing staff compliance with this Procedure and relevant tax law requirements via a range of mechanisms including:

a. randomly auditing hospitality transactions; and
b. monitoring the FBT amounts payable on hospitality.

Compliance Officers

(53) Compliance officers are responsible for reviewing UniFi and EMS ProMaster data to ensure a valid UniTask ID has been provided, and the coding of hospitality is correct before approving.

Section 6 - Recording and Reporting

Substantiation Records

(54) The Hospitality Request and associated approved expenditure in UQ's finance systems, fulfills UQ's record keeping requirements by collecting and collating required information, including:

a. the number and type of attendees*;
b. the venue;
c. the cost as per the invoice;
d. the reason for the hospitality;
e. the approval of a person to certify that the hospitality expenditure was incurred in accordance with University policy and procedures; and
f. where the expenditure is $75 or more, a valid tax invoice.

> *If it is not practical to identify all attendees, an estimate is sufficient. However, justification is required to show how this estimate was calculated.

(55) With the exception of non-assessable hospitality, a hospitality Request must be completed for all hospitality expenditure.

Reporting of Non-compliance

(56) All instances of hospitality with no completed assessment will be coded to a dedicated hospitality account. FBT will be recognised on the full amount, until sufficient detail is provided via an approved UniTask request, that supports an FBT exempt position.

Section 7 - Appendix

Examples of Hospitality at UQ

(57) See the linked list of Examples of Hospitality at UQ and Approval Requirements.

(58) Please note:

a. The example scenarios of hospitality at the link above are for the purpose of explaining the categorisation and approval requirements at the University.
b. These examples are not to be taken as encouragement or indicative of appropriate spending on hospitality.
c. The principles of this Procedure must be adhered to when proposing hospitality expenditure at the University.

Related Policies and Procedures

(59) The Procedure should be read in conjunction with the following policies and procedures, where relevant:

a. Alcohol and Other Drugs Policy
b. Conflict of Interest Policy
c. Delegations Policy
d. Event Approval and Control Procedure
e. Financial and Contract Sub-delegations Procedure
f. Financial Governance Policy
g. Outgoing Payments Procedure
h. Reportable Gifts and Benefits Procedure
i. Taxes Procedure
j. Travel Policy.

Definitions, Terms and Acronyms

Term	Definition
Commencing management level	The commencing management level is the lowest management level authorised to approve a hospitality type. Under this Procedure, hospitality approvals must commence at or above the designated commencing management level. The lowest commencing management level is Level 5: Senior Manager.
Hospitality Approval	Hospitality approval is the formal review and authorisation for hospitality associated with an activity or event to proceed under this Procedure. Approval confirms that the proposed hospitality is appropriate and satisfies the applicable hospitality approval criteria.

Term	Definition
Hospitality Approver	Is a UQ employee who holds the appropriate delegated authority under Human Resources Sub-delegations Schedules and has responsibility for, or oversight of, the relevant organisational unit.
Hospitality category	The hospitality category classifies hospitality as either corporate or employee hospitality based on the primary beneficiary. Hospitality undertaken for a legitimate UQ purpose will generally be classified as corporate hospitality. Hospitality that presents a higher risk of providing a private employee benefit will generally be classified as employee hospitality. The hospitality category is used to determine the applicable management level approval limits.
Hospitality Owner	The Hospitality Owner is the UQ employee responsible for overseeing a hospitality activity or event. This includes responsibility for key details such as the attendees, purpose, timing and location of the activity. The Hospitality Owner is typically the primary contact for the event and, where relevant, the principal traveller. The role does not require budget ownership; rather, it is the individual responsible for organising and making decisions about the activity.
Hospitality Requestor	The Hospitality Requester is the UQ employee who prepares and submits the hospitality request. This may be Hospitality Owner or a delegate acting on their behalf (for example, an Executive Assistant or support staff member).
Hospitality types	Hospitality types group purpose categories using additional classification criteria to describe the nature of the hospitality activity and its key characteristics. Classification criteria include the nature of the hospitality, event size, cost per attendee, and the extent to which alcohol or recreation forms part of the event. The hospitality type is used to determine the applicable risk rating.
Local hospitality or event requirements	Requirements established by a faculty, institute, division or department that augment yet meet fully this Procedure's requirements to enable local contextualisation and efficiencies. These requirements are not prescribed or enforced by Finance and Business Services.
Management level approval limits	Management-level approval limits define the maximum total assessable hospitality cost that may be approved at each management level for a given hospitality category. The limits ensure approval authority is proportionate to the value of the hospitality activity.
Minimum management level	The minimum management level is the lowest management position authorised to approve a hospitality request. It is determined by applying the commencing management level and the relevant management-level approval limits, ensuring both the risk and value of the hospitality activity are considered.
Private employee benefit	A private employee benefit is a benefit provided to an employee, or an associate of an employee, that primarily benefits the individual rather than supporting a legitimate UQ purpose.
Purpose category	The purpose category describes the primary reason for the hospitality activity or event. Each purpose category is aligned to relevant ATO requirements and rulings. Information provided by the Hospitality Owner is used to progressively refine the available purpose category options and support an accurate assessment outcome. The purpose category is the primary assessment classification and drives the determination of the hospitality category and hospitality type.
Reputational risk	Reputational risk is the risk that a hospitality activity may adversely affect UQ's reputation, stakeholder confidence, or public trust.
Risk rating	Each hospitality type is assigned a risk rating that reflects its potential for reputational risk or private employee benefits. The risk rating is used to determine the commencing management level for approval.

Term	Definition
Total assessable hospitality cost	The total assessable hospitality cost is the estimated cost to UQ of the hospitality activity should it proceed. It includes all hospitality costs entered by the hospitality owner, excluding GST, plus any applicable tax liabilities, including FBT and non-claimable GST. The total assessable hospitality cost is used to determine approval requirements and the applicable management-level approval limits.

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