

TRADE INCENTIVE PROMOTIONS

Trade Incentive Promotions run business to business, or business to employee, rather than business to consumer.



Why trade incentives?

Trade incentive promotions are usually directed at employees, retailers, or wholesalers to encourage growth in certain areas, e.g encouraging staff to complete training, incentivising retailers to increase sales, or running a business to employee competition alongside a consumer competition.

THINGS TO CONSIDER



- Is it a game of skill, a game of chance or a guaranteed reward?
- Who do you want to receive the prize? An employee? The principal (owner) of the business? An area/regional manager?
- Do you want to allow all of your customers to enter or only invite selected customers to enter?
- If it is possible for there to be a tie in a game of skill, e.g two people with the same highest number of sales, how will you determine the winner?
- Is Fringe Benefits Tax (FBT) Payable?



Fringe Benefits Tax

FBT is a tax that employers pay on certain benefits they provide to their employees.

In relation to trade incentive promotions, if an employee receives an additional benefit as part of their employment, (e.g they win \$10,000 in a trade incentive competition) there may be FBT payable on that amount.

It is the employer's responsibility to ensure any FBT is paid.



PERMIT REQUIREMENTS ARE THE SAME AS FOR CONSUMER PROMOTIONS

Examples of trade incentives

- Incentivise businesses to increase sales of a particular product. The principal of the business with the highest growth percentage wins a prize.
- Incentivise individual staff members to make the highest number of sales in their store to win a prize.
- Run a "best store display" competition where stores submit photos of their creative displays of your products.
- Win-with-the-winner competition, where a consumer competition is conducted and the business that sold the relevant product to the winning entrant also wins a prize.

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