

Meals and Entertainment Deduction Guide



CATEGORY		DEDUCTIBLE (%)				
		Pre-Tax Reform		Post-Tax Reform		
		100%	50%	100%	50%	0%
Ordinary and Necessary Business Expenses (Section 162)						
1.	Ordinary and necessary business travel expenses that are not meals or entertainment (e.g., airfare, ground transportation, lodging, other travel expenses, etc.)	X		X		
2.	Corporate sponsorship payments	X		X		
De Minimis Fringe Benefits						
3.	Working meals	X			X	
4.	Coffee, donuts, continental breakfasts, and soft drinks	X			X	
5.	Employee meetings and conferences (e.g., orientation, human resources, leadership, management, etc.)	X			X	
6.	Infrequent meetings with meals	X			X	
7.	Meals at training events	X			X	
8.	Overtime Meals	X			X	
9.	Recreational or social activities that are discriminatory may be eligible here (consider value and frequency)	X			X	
Meals for the Convenience of the Employer						
10.	Meals for the convenience of the employer served on the business premises of the employer	X			X	
Recreational or Social Activities						
11.	Award dinners and meetings	X		X		
12.	Employee team building	X		X		
13.	Employee recognition meals/entertainment	X		X		
14.	Parties: holidays, year-end, retirement, going away, cocktail parties, etc.	X		X		
15.	Project "wrap-up" meals	X		X		
16.	Staff mentoring or counseling meals	X		X		
Other Meal or Entertainment Items						
17.	Business meals with clients or prospective clients*		X		X	
19.	Charitable sports events	X				X
20.	Entertainment and meals sold to customers	X		X		
21.	Goods, services, and facilities made available to the public	X		X		
22.	Meals and entertainment included in employee's income	X		X		
23.	Meals and entertainment reported as income for non- employees	X		X		
24.	Reimbursed meals or entertainment expenses	X		X		
25.	Business meetings of employees, stockholders, agents or directors.		X	Ent X	Meals X	
26.	Meetings of business leagues, etc.		X	Ent X	Meals X	
27.	Entertainment of existing/potential clients, such as sporting events, theatrical events, playing golf, etc.		X			X

***Note: this question is being discussed among practitioners and the IRS. Our current position is that such activities are 50% deductible meals only if furnished at a restaurant and not an entertainment venue, not lavish or extravagant, and the taxpayer has a reasonable expectation of deriving income or business benefit from the activity.**

The advice set forth above is our best interpretation of how the existing tax law could be applied to the facts. Our advice is not a guarantee of how the courts or any taxing authority will rule on the issue or issues addressed. Tax laws are subject to frequent change and constant litigation. What is a strong position today may not be so six months from now. For that reason, the advice expressed herein must be limited to the tax law as it exists today. All accounting, business and tax advice is also fact specific. Seemingly small changes in facts can cause dramatically different results in tax liability. Any accounting, business or tax advice contained in this communication, is not intended as a thorough, in-depth analysis of specific issues, nor a substitute for a formal opinion, nor is it sufficient to avoid tax-related penalties. If desired, we would be pleased to provide additional services and analysis to provide you with advice specific to your situation.