

MEALS AND ENTERTAINMENT

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Prior to the passage of the Tax Cuts and Jobs Act, meals and entertainment expenses were deductible if they were incurred in your business to the extent that they were ordinary, necessary and directly related to the active conduct of your trade or business. Meals and entertainment expenses were generally limited to a deduction of 50% of the expenses incurred. In the case of meals that were provided for the convenience of the employer, were provided in an employer-operated eating facility or were qualified de minimis meals, the deduction was 100%.

Beginning in 2018, the new law does not allow for any deduction for entertainment, amusement or recreation expenses, club membership dues, or any facilities used for entertainment purposes. The expenses are not deductible even if they are directly related to the active conduct of your business. Meals are still generally deductible and remain limited to 50% of the amount incurred. In light of this new law, it is time to evaluate your business expense and accounting policies. You will need to track your expenses for food and beverages separately from any non-deductible entertainment expenses in order to get the 50% deduction for the meals.

Meals that are provided for the convenience of the employer, provided in an employer-operated eating facility, or are qualified de minimis meals are now generally limited to a 50% deduction under the new law. After December 31, 2025, no deduction will be allowed for meals that are provided for the convenience of the employer nor for employer-operated eating facilities. Qualified de minimis meals may still be deductible but limited to a 50% deduction.



If you would like to discuss this or any other business or tax topic in greater depth, please contact your Account Manager or [Patty Ward, EA](mailto:Patty.Ward@connerash.com), at (314) 205-2510 or via email at pward@connerash.com.