

MEALS AND ENTERTAINMENT

BUSINESS ADVISORY ACTIONABLE PRINCIPLES



727-530-0036
www.busadvisory.com
2641 McCormick Dr. Suite 103
Clearwater, FL 33759



WHICH BUSINESS MEALS CAN I DEDUCT?

To qualify for the deduction:

- » The meal is an ordinary and necessary expense
- » The meal is not lavish or extravagant
- » You or an employee must be present at the meal
- » Meals provided to current or potential client, consultant, or similar business contact
- » Meals at entertainment events must be stated separately on the bill.

Must be separated from entertainment amounts if combined.



Entertainment expenses are not deductible



MEALS AND ENTERTAINMENT

EXPENSE TYPE	OLD	NEW
Entertaining clients	50%	0%
Golf with clients	50%	0%
Tickets to events or hunting, fishing, etc.	50%	0%
Meals with clients – non entertainment	50%	50%
Food for marketing presentation	100%	100%
Food for open house	100%	100%
Client event – marketing or presentation	100%	100%
Client event – no presentation	50%	0%
EMPLOYER/EMPLOYEE RELATIONSHIP		
Employer provided meals	100%	50% thru 2025
Employee meals – travel	50%	50%
Team building event – employees	100%	0%

SUBSTANTIATION

Proving that the expense qualifies:

1. Estimates are not sufficient
2. Must be able to establish:
 - » Amount spent » Time and place » Business purpose
 - » Business relationship of individuals involved

For expense of \$75 or greater – documentary proof (receipts) is required



OFFICE PARTIES

100% deductible if:

- » For the convenience of the employer
- » Related to employee recreation such as holiday parties or work outings

50% deductible if:

- » Provided on the business premises
- » To promote goodwill, boost morale or attract prospective employees



DE MINIMIS MEALS

Considering the value and frequency with which it is provided:

- » Occasional and infrequent
- » Not included in income
- » So small as to make accounting unreasonable or impractical
- » Examples include:
 - » Snacks, coffee, donuts
 - » Holiday gifts
 - » Occasional meal money for working overtime



MEALS AND ENTERTAINMENT FAQs

» What if I do not have a receipt?

- » Write a note after the meal
- » If purchased on a credit card the statement can serve as additional documentation

» Are the taxes and tips deductible?

- » Yes, the cost of the meal can include taxes and tips

» Can I deduct meals while eating during a normal workday?

- » No, the meal is not contributing directly to the operations or success of your business

» What if my spouse or dining associate's spouse joins us?

- » Yes, the IRS considers the spousal attendance to be incidental to the meal

» How do I document the meal expenses?

- » Keep Receipt with
 - » Name of restaurant
 - » Number of guest
 - » List of items purchased
 - » Record names of those in attendance and the business reason for the meal

» What options are there for deducting meals while traveling?

- » Actual costs with accurate records documenting the meals
- » Standard meal per diem allowance as listed on the GSA (gsa.gov) website

