

Meal & Entertainment Changes Under Tax Reform

Many of you have asked what changed under TCJA regarding the deductibility of business meals and entertainment. Please use the guide below to determine whether your expense qualifies for a 100% deduction, 50% deduction, or is non-deductible. As always, feel free to ask if you're unsure which category an expense falls into.

Event	2017 Expenses (Old rules)	2018-2019 Expenses (New rules)
Office Holiday Party or Picnic (for benefit of employees, not clients)	100% deductible	100% deductible
Client Business Meals	50% deductible if taxpayer is present, and not lavish or extravagant	50% deductible if ordinary and necessary in carrying on business, taxpayer is present, provided to current or potential client or consultant, and not lavish or extravagant
Entertainment-related Meals	50% deductible	50% deductible if charges are stated separately from the cost of entertainment; no deduction otherwise
Transportation to/from Restaurant for Client Business Meal	100% deductible	100% Deductible
Sporting Event Tickets	50% deductible for face value of ticket (anything above face value is nondeductible)	No deduction
	50% deductible for skybox expenses to the extent of non-luxury seat ticket face value in such box	No deduction
	100% deductible for charitable sports events	No deduction
	Contributions for the right to purchase tickets to an educational institution's athletic events 80% deductible	No deduction
	50% for transportation to/from and parking at sporting events	No deduction
Club Memberships	No deduction for club dues; however, 50% deduction for expenses incurred at a club organized for business, pleasure, recreation, or other social purposes if related to an active trade or business	No deduction

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Meals Provided for the Convenience of Employer	100% deductible provided they are excludible from employees' gross income as <i>de minimis</i> fringe benefits; otherwise 50% deductible	50% deductible (nondeductible after 2025)	
Meals Provided to Employees Occasionally and Overtime Employee Meals	100% deductible provided they are excludible from employees' gross income as <i>de minimis</i> fringe benefits; otherwise 50% deductible	50% deductible (nondeductible after 2025)	
Water, Coffee, and Snacks at the Office	100% deductible provided they are excludible from employees' gross income as <i>de minimis</i> fringe benefits; otherwise 50% deductible	50% deductible (nondeductible after 2025)	
Meals in Office During Meetings of Employees, Stockholders, Agents, or Directors	50% deductible	50% deductible	
Meals During Business Travel	50% deductible	50% deductible	
Meals at a Seminar or Conference, or at a Business League Event	50% deductible	50% deductible	
Meals included in Charitable Sports Package	100% deductible	50% deductible (with some exceptions)	
Meals Included as Taxable Compensation to Employee or Independent Contractor	100% Deductible	100% Deductible	
Meals Expenses Sold to a Client or Customer (or Reimbursed)	100% Deductible	100% Deductible	
Food Offered to the Public for Free (e.g., at a Seminar)	100% Deductible	100% Deductible	