

BUSINESS MEAL, TRAVEL & ENTERTAINMENT DEDUCTIBILITY
Under the Tax Cuts and Jobs Act

NO TAX DEDUCTION

All deductions without documentation
"Quiet business meals"
Country club dues and fees
Dinner for customer and spouse, no one else present
Expenses for travel as form of education
Lavish and extravagant meal
Lunch with customer on your road trip, no business discussed, customer's meal
Lunch with employee or customer, no business discussed
Parking fees at your place of business
Transportation, living and attendance expenses for investment seminars
Travel expenses for your family
Travel for charitable purposes with some personal pleasure
Entertainment:
Scalper's premium for tickets for entertainment
Skyboxes and other private luxury boxes in excess of regular price seating
Travel to/from, parking cover charges, taxes, and tips for entertainment
Ticket price for sporting event associated with business discussion
**Food and beverages can at times be considered entertainment and thus not tax deductible, for example, when included at a party or gala event*

50% TAX DEDUCTIBLE

Breakfast, lunch and dinner while on business travel
Lunch with employee or customer, business discussed
Meals for business meeting of employees, stockholders, directors
Food and beverages furnished on the business premises of the taxpayer, for the employees

These deductions are allowable if they meet the following conditions (IRS Notice 2018-76):

1. The expense is an "ordinary and necessary expense" paid or incurred during the tax year in carrying on any trade or business;
2. The expense is not lavish or extravagant under the circumstances;
3. The taxpayer or an employee of the taxpayer is present at the furnishing of the food or beverages;
4. The food and beverages are provided to a current or potential business customer, client, consultant or similar business contact;
5. In the case of food and beverages provided during an entertainment activity, the food and beverages are purchased separately from the entertainment, or the cost of food and beverages is stated separately from the cost of entertainment on one or more bills, invoices or receipts. The entertainment disallowance rule may not be circumvented through inflating the amount charged for food and beverages.

100% TAX DEDUCTIBLE

Social and recreational activity expense for employees, including meals
(Holiday parties, summer picnics)
Dinner for employee working overtime (if deemed de minimis)
Lunch and dinner provided at or near cost to employees at employer operated cafeteria
Lunch ordered in for staff meeting (if deemed de minimis)
Per diem reimbursement for travel, up to federal limit by employee and employer
Transportation and lodging expenses

BUSINESS MEAL, TRAVEL & ENTERTAINMENT DEDUCTIBILITY
Under the Tax Cuts and Jobs Act (continued)

NOTE: These specifics may change as the IRS addresses the many details of the new law. Always consult your tax preparer about the deductibility of any expense.

The IRS (Section 1.27-2) defines entertainment as activities generally considered to constitute entertainment, amusement or recreation, including night clubs, cocktail lounges, theaters, country clubs, golf and athletic clubs, sporting events, and trips for vacation, hunting, fishing and similar. These types of activities relating solely to the taxpayer's family may also be entertainment. Entertainment may also include activities that provide for the personal living or family needs of an individual, such as providing food, beverages or a hotel suite to a business customer or the customer's family.

Entertainment does not include activities that are related to work or business rather than recreation, such as providing supper money for an employee working overtime, a hotel room for an employee traveling on business, or the use of a car for active conduct of business, even when the car is also used for routine personal travel such as commuting.

BUSINESS MEAL, TRAVEL & ENTERTAINMENT DEDUCTIBILITY
Prior to 2018

NO TAX DEDUCTION

- All deductions without documentation
- "Quiet business meals"
- Country club dues and fees
- Dinner for customer and spouse, no one else present
- Expenses for travel as form of education
- Lavish and extravagant meal
- Lunch with customer on your road trip, no business discussed, customer's meal
- Lunch with employee or customer, no business discussed
- Parking fees at your place of business
- Scalper's premium for tickets for entertainment
- Skyboxes and other private luxury boxes in excess of regular price seating
- Transportation, living and attendance expenses for investment seminars
- Travel expenses for your family
- Travel for charitable purposes with some personal pleasure

50% TAX DEDUCTIBLE

- Cover charges, taxes and tips for entertainment
- Lunch with customer on your road trip, no business discussed, your meal
- Lunch with employee or customer, business discussed
- Meals taken alone while away from home
- Parking fees at sports arena
- Per diem reimbursement for travel, in excess of federal limit by employee
- Ticket price for sporting event associated with business discussion
- Tickets to non-profit high school or college sports event with paid coaches and referees
- Transportation to/from sporting event

100% TAX DEDUCTIBLE

- Dinner for employee working overtime (if deemed de minimis)
- Lunch and dinner provided at or near cost to employees at employer operated cafeteria
- Lunch ordered in for staff meeting (if deemed de minimis)
- Per diem reimbursement for travel, in excess of federal limit by employer
- Per diem reimbursement for travel, up to federal limit by employee and employer
- Tickets to charitable fundraising sports event
- Transportation and lodging expenses
- Transportation to/from restaurant for business meals

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