

Meals & Entertainment

In certain circumstances meals are deductible as ordinary and necessary business expenses.

Cost of occasional holiday party/picnic for employees	100% deductible as long as the event is primarily for non-highly compensated employees.
Department gatherings and outings that include refreshments	100% deductible as long as the activities primarily benefit employees other than those who are highly compensated.
Meals during business travel	50% deductible as long as the meal cost is not lavish or extravagant, the taxpayer or an employee is present and the amount is properly substantiated.
Food offered to the public for free during a seminar or other event	100% deductible if primarily consumed by customers and members of the general public.
Items sold to customers	100% deductible.
Event tickets (Sporting, Theater, etc.)	Not deductible for entertainment portion. Promotion, advertising, charitable and meal portions may be fully or partially deductible if separately stated or invoiced.
Meal with a customer or potential customer	50% deductible if the taxpayer or an employee is present, the meal is not lavish or extravagant and the expenses are properly substantiated.
Meals with a customer or potential customer during entertainment events	Not deductible unless the food and beverages are separately purchased or the cost is separately stated on an invoice and the cost reflects the venue's usual selling prices. Cost of food and beverages separately stated on an invoice or receipt are 50% deductible . However, the CAA removes the 50% limit on deducting meals provided by restaurants in 2021 and 2022 and makes those meals fully deductible.
Refreshments or meals brought to the office for employees working overtime	While 50% deductible through 2025, these generally become non-deductible beginning in 2026. Occasional and irregular provision of such meals may qualify for a 50% deduction under the "de minimis" fringe benefit rules.
Operation of an eating facility on or near business for employees	50% deductible. After 2025, these costs will be non-deductible.
Meals provided for the convenience of the employer	50% deductible. After 2025, these costs will be non-deductible.
Snacks and beverages provided at the office	50% deductible.
Membership dues for clubs organized for business, pleasure, recreation or other social purposes	Not deductible. Generally, costs related to business leagues, trade associations and chambers of commerce are deductible.

Review your reimbursement policies and procedures to capture and properly classify meals and entertainment expenses.