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Certified Public Accountants, LLC

Meals, Travel and Entertainment Rules

The 2017 Tax Cuts and Jobs Act revised the deductibility of entertainment, travel & meal expenses as outlined below.

At the end of 2020, a temporary increase of 100% tax deduction was allowed for meal and beverage expenses incurred from January 1, 2021 through December 31, 2022, but only if purchased from a restaurant (takeout included).

Therefore, for 2021 and 2022, rather than a 50% deduction for a restaurant meal as listed below, a restaurant meal will receive a 100% deduction.

Entertainment	Old Law	New Law
Entertainment Activities (Potential customer, client, consultant, or a similar business contact)	Meals eaten at an entertainment event: 50% Deductible	Food and beverage 50% deductible if separately stated from the cost of the entertainment on one or more bills, invoices or receipts.
	Sporting, concert, or other events: 50% deductible at face value on non-luxury ticket	Nondeductible
	Tickets to qualified charitable events are 100% deductible	100% deductible
	100% deduction on travel to and from entertainment event	Nondeductible
	Other entertainment: 50% deductible	Nondeductible
Office Holiday Parties	100% deductible	100% deductible
Travel		
Lodging & Airfare to a business convention out of town	100% deductible	100% deductible
Business travel to and from a client/customer	100% deductible	100% deductible
Lodging if a trip to a client requires an overnight stay	100% deductible	100% deductible

Meals	Old Law	New Law
Meals eaten during an overnight stay	Meals eaten alone are 50% deductible	No change
	Business discussed with client: Taxpayer and client/customer's meal are 50% deductible	No change
	No business discussed: Taxpayers meal is 50% deductible, client/customer's meal is nondeductible	No change
Meals Provided for the convenience of the Employer	100% deductible provided they are excludible from employees' gross income as de minimis fringe benefits; otherwise, 50% deductible	50% deductible; nondeductible after 2025
Meals where business is discussed before, during, or after	Taxpayer's meal and client/customer's meal are each 50% deductible	No change
Meals where no business is discussed before, during, or after	Nondeductible	Nondeductible
Meals eaten alone with no overnight stay	Nondeductible	Nondeductible

Substantiation Requirements

Records, including receipts, should be kept identifying the following: who, what, when, where, why, and how much.

If you have any questions, please call us at 503-639-4142.