

MEALS & ENTERTAINMENT

2020 EXPENSES UNDER THE TAX CUTS AND JOBS ACT (TCJA)

100% Deductible		
Event	2020 Expense under TCJA	Citation
Office Holiday Party or Picnic	100% deductible	§§274(e)(4), 274(n)(2)(A))
Transportation to/from Restaurant for Client Business Meal	100% deductible	Committee Reports on P.L. 99-514 (TRA of 1986)
Meals Included as Taxable Compensation to Employee or Independent Contractor	100% deductible if the meal expense is included as taxable compensation to the employee or independent contractor and included on the W-2 or Form 1099, then the expense is fully deductible to the employer.	§§274(e)(2), 274(e)(9), 274(n)(2)(A)
Meals Expenses Sold to a Client or Customer (or Reimbursed)	100% deductible	§§274(e)(3), 274(e)(8), 274(n)(2)(A)
Food Offered to the Public for Free (e.g., at a Seminar)	100% deductible	§§274(e)(7), 274(n)(2)(A))

50% Deductible		
Event	2020 Expense under TCJA	Citation
Client Business Meals	50% deductible if business is conducted, taxpayer is present, and not lavish or extravagant.	§§274(k)(1), 274(n)(1), 162(a)
Meals Provided for the Convenience of Employer	50% deductible (nondeductible after 2025)	§§274(e)(1), 274(o)(2)
Meals Provided to Employees Occasionally and Overtime Employee Meals	50% deductible (nondeductible after 2025)	§§274(e)(2), 274(e)(9), 274(n)(2)(A)
Water, Coffee, and Snacks at the Office	50% deductible (nondeductible after 2025)	§§274(e)(1), 274(o)(1)

50% Deductible		
Event	2020 Expense under TCJA	Citation
Meals in Office During Meetings of Employees, Stockholders, Agents, or Directors	50% deductible	§§274(e)(5), 274(n)(1)
Meals During Business Travel	50% deductible	§§162(a)(2), 274(n)(1); Reg. §1.274-2(f)(2)(iv)(B)
Meals at a Seminar or Conference, or at a Business League Event	50% deductible	1986 TRA Bluebook, at 64 (1987); §§274(e)(6), 274(n)(1)
Meals included in Charitable Sports Package	50% deductible	§274(n)(1)

No Deduction		
Event	2020 Expense under TCJA	Citation
Entertainment-related Meals	No deduction. For example, meals incurred when no business is conducted, potentially at night clubs, cocktail lounges, theaters, country clubs, golf and athletic clubs, sporting events, and on hunting, fishing, vacation and similar trips.	§274(a)(1), Reg. §1.274-2(b)(1)(i)
Sporting Event Tickets	No deduction	§274(a)(1); §170(l); §274(a)(1), Committee Reports on P.L. 99-514
Club Memberships	No deduction	§§274(a)(1), 274(a)(2), & 274(a)(3)