



Meals and Entertainment changes with Tax Cuts and Jobs Act and Restaurant Provision for Calendar Years 2021 - 2022

	Post-TCJA	Post-TCJA w/ Restaurant Provision (2021-22)
Meals with employees, clients, or customers if business is discussed during, directly before, or after, the meal	50% deduction	50% deduction / 100% if from a restaurant (4)
Meals with employees, clients, customers, without business being discussed	No deduction	No deduction
Meal reimbursements for Employees traveling for business purpose (1)	50% deduction	50% deduction / 100% if from a restaurant
Meals provided to employees included in their compensation	Deductible via Wages	Deductible via Wages
Meals to employees through an eating facility that meets requirements for de minimis fringes (2) or for the convenience of the employer (non deductible after 2025)	100% deduction	50 % deduction
Meals provided for the convenience of the employer at employer's office or work location including overtime meals, meals for in office meetings, snacks and beverages provided to employees free of charge (unless provided to general public as well, such as coffee or popcorn offered in the company lobby)	100% deduction	50% deduction / 100% if from a restaurant
Recreational expenses for employees - includes both meals & entertainment (i.e. Christmas parties, picnic, office parties, office outings) (3)	100% deduction	100% deduction
Meals with clients, customer, business is discussed during, directly before, or after, the meal, while attending a sporting event or associated with entertainment	50% deduction	Meals - 50% deduction Entertainment - not deductible

(1) Definition of travel per IRS Pub 463 - your duties require you to be away from the general area of your main place of business substantially longer than an ordinary day's work, and you need to sleep or rest to meet the demands of your work while away from home.

(2) Meals can be still 100% excluded from employees income under the de minimis fringe rules. Employer deduction for these meals are limited to 50%.

(3) To qualify as recreation the event must be primarily for the benefit of employees other than highly compensated. It doesn't have to benefit all employees (some employees may be excluded if the highly compensated employees, directors or owners are not favored).

(4) Restaurant is defined as "a business that prepares and sells food or beverages to retail customers for immediate consumption, regardless of whether the food or beverages are consumed on the business's premises." All fees associated with the meal, such as delivery, tips and sales tax are fully deductible. This does not include charges to businesses that sell pre-packaged food or beverage not for immediate consumption, such as a grocery store or liquor store.