

## Tax Reform Changes – Meals & Entertainment

The new tax reform places limitations on the deductibility of certain business meals and entertainment expenses. The chart below summarizes the new changes and proper treatment of these expenses.

If you're wondering how your deductions can hold under the new tax law, here are some helpful tips we suggest implementing:

1. Maintain two separate accounts on your books, one for deductible meals and another for nondeductible meals/entertainment.
2. Document business discussed or conducted at all client business meals. You can keep a separate log or include detailed memos in your accounting software.

Event	2017 Expenses (Previous rules)	2018 Expenses (New rules)
Office Holiday Party or Picnic	100% deductible	100% deductible
Client Business Meals	50% deductible if taxpayer is present, and not lavish or Extravagant	50% deductible if business is conducted, taxpayer is present, and not lavish or extravagant
Entertainment-related Meals	50% deductible	No deduction (e.g. 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)
Transportation to/from Restaurant for Client Business Meal	100% deductible	100% deductible



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Event	2017 Expenses (Previous rules)	2018 Expenses (New rules)
Sporting Event Tickets	50% deductible for face value of ticket (anything above face value is non-deductible)	No deduction
	50% deductible for skybox expenses to the extent of non-luxury seat ticket face value in such box	No deduction
	100% deductible for charitable sports events	No deduction
	Contributions for the right to purchase tickets to an educational institution's athletic events 80% deductible	No deduction
	50% for transportation to/from and parking at sporting events	No deduction
Club Memberships	No deduction for club dues; however, 50% deduction for expenses incurred at a club organized for business, pleasure, recreation, or other social purposes if related to an active trade or business	No deduction
Meals Provided for the Convenience of Employer	100% deductible provided they are excludible from employees' gross income as de minimis fringe benefits under §119(a); otherwise 50% deductible	50% deductible (nondeductible after 2025)
Meals Provided to Employees Occasionally and Overtime Employee Meals	100% deductible provided they are excludible from employees' gross income as de minimis fringe benefits under §132(e)(1); otherwise 50% deductible	50% deductible (nondeductible after 2025)
Water, Coffee, and Snacks at the Office	100% deductible provided they are excludible from employees' gross income as de minimis fringe benefits under §132(e)(1); otherwise 50% deductible	50% deductible (nondeductible after 2025)



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Event	2017 Expenses (Previous rules)	2018 Expenses (New rules)
Meals in Office During Meetings of Employees, Stockholders, Agents, or Directors	50% deductible	50% deductible
Meals During Business Travel	50% deductible	50% deductible
Meals at a Seminar or Conference, or at a Business League Event	50% deductible	50% deductible
Meals included in Charitable Sports Package	100% deductible	50% deductible
Meals Included as Taxable Compensation to Employee or Independent Contractor	100% deductible	100% deductible
Meals Expenses Sold to a Client or Customer (or Reimbursed)	100% deductible	100% deductible
Food Offered to the Public for Free (e.g., at a Seminar)	100% deductible	100% deductible