

TAX CUTS AND JOBS ACT – MEALS & ENTERTAINMENT DEDUCTIONS

The Tax Cuts and Jobs Act was signed into law in late 2017, and brings about some changes to the deductions which employers and business owners are permitted to take in regards to expenses incurred for meals and entertainment.

Please refer to the table below for a breakdown of the changes attached to the new law:

| | 2017 Expenses | 2018 Expenses |
|--|---|---|
| Office Holiday Parties | 100% deductible | 100% deductible |
| Entertaining Clients | 50% deductible | No deduction for entertainment expenses |
| | Event tickets, 50% deductible for face value of ticket; anything above face value is non-deductible | |
| | Tickets to qualified charitable events are 100% deductible | |
| Business Meals (e.g. Employee Travel Meals) | 50% deductible | 50% deductible |
| Meals Provided for Convenience of Employer | 100% deductible, provided they are excludible from employees' gross income as de minimis fringe benefits; otherwise, 50% deductible | 50% deductible (nondeductible after 2025) |

Source: Thomson Reuters, "2017 Tax Reform: Checkpoint Special Study on Business Tax Changes in the "Tax Cuts and Jobs Act"

If you have questions regarding this or any other changes to tax deductions and planning due to this new legislation, don't hesitate to contact our team of experts.

Please be aware that this document is for informational purposes only and should not be considered tax advice. Anything contained in the body of this document was not intended or written to be used, and cannot be used, by the recipient for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions. Contact our office for specific questions regarding this or any other tax-related concerns.