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Helicopter View of Meals and Entertainment After Tax Reform

One of our tax professionals wrote that he never realized how many of his clients cherished eating and partying with their prospects and customers.

Lawmakers are likely to realize this, too, as they hear from disgruntled business owners, and hopefully they will undo some of this damage they are causing.

Meanwhile, in this article, we look at a table of the law as it stands now with respect to many common activities involving clients, prospects, and employees.

Description	Amount Deductible for Tax Year 2018		
	100%	50%	Zero
Meals with clients and prospects ¹		X	
Entertainment with clients and prospects ²			X
Employee meals for convenience of employer ³		X	
Employee meals for required business meeting ⁴		X	
Meal served at Chamber of Commerce meeting ⁵		X	
Meals while traveling away from home overnight ⁶		X	
Year-end party for employees and spouses ⁷	X		
Golf outing for all employees and spouses ⁸	X		
Year-end party for customers ⁹			X
Meals for general public at marketing presentation ¹⁰	X		
Team-building recreational event for all employees ¹¹	X		
Golf, theater, or football game with your best customer ¹²			X

Takeaway

The chart in this article gives you a usable helicopter view of how the recent tax reform sets the 2018 tax deduction landscape with respect to various meals and entertainment.

Note that in the chart, we have business meals with clients and prospects as 50 percent deductible. Technically, business meals with clients and prospects are not deductible based on the recent tax reform changes. But we have learned that the tax writers plan to reinstate business meals with clients and prospects as 50 percent deductible. See [Did Tax Reform Goof When Disallowing Deductions for Client Meals?](#)

[Client Letter on This Article for Use by Tax Pros. Click Here.](#)

1 The TCJA removed entertainment (which includes business meals), but we understand that tax writers may reinstate business meals with clients and prospects as deductions. For details, see the new article on business with clients and prospects at [Did Tax Reform Goof When Disallowing Deductions for Client Meals? IRC Section 274\(a\) 2018; 274\(d\) 2018.](#)

2 IRC Section 274(a) 2018; 274(d) 2018.

3 IRC Sections 274(n)(2) 2018; 274(e)(1) 2018.

4 IRC Sections 274(n)(2) 2018; 274(e)(5) 2018.

5 IRC Sections 274(n)(2) 2018; 274(e)(6) 2018.

6 IRC Sections 162(a)(2); 274(n)(1) 2018.

7 IRC Sections 274(n)(2) 2018; 274(e)(4) 2018.

8 Ibid.

9 IRC Section 274(a) 2018 assuming the new law treats this party as entertainment.

10 IRC Sections 274(n)(2) 2018; 274(e)(7) 2018.

11 IRC Sections 274(n)(2) 2018; 274(e)(4) 2018.

12 IRC Section 274(a) 2018.
