

[CLICK HERE to return to the home page](#)

Internal Revenue Code Section 274(n)(2)(A)

Disallowance of certain entertainment, etc., expenses.

...

(n) Only 50 percent of meal expenses allowed as deduction.

(1) In general.

The amount allowable as a deduction under this chapter for any expense for food or beverages shall not exceed 50 percent of the amount of such expense which would (but for this paragraph) be allowable as a deduction under this chapter.

(2) Exceptions.

Paragraph (1) shall not apply to any expense if-

(A) such expense is described in paragraph (2) , (3) , (4) , (7) , (8) , or (9) of subsection (e) ,

(B) in the case of an employer who pays or reimburses moving expenses of an employee, such expenses are includible in the income of the employee under section 82 , or

(C) such expense is for food or beverages-

(i) required by any Federal law to be provided to crew members of a commercial vessel,

(ii) provided to crew members of a commercial vessel-

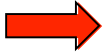
(I) which is operating on the Great Lakes, the Saint Lawrence Seaway, or any inland waterway of the United States, and

(II) which is of a kind which would be required by Federal law to provide food and beverages to crew members if it were operated at sea,

(iii) provided on an oil or gas platform or drilling rig if the platform or rig is located offshore, or

(iv) provided on an oil or gas platform or drilling rig, or at a support camp which is in proximity and integral to such platform or rig, if the platform or rig is located in the United States north of 54 degrees north latitude.

Clauses (i) and (ii) of subparagraph (C) shall not apply to vessels primarily engaged in providing luxury water transportation (determined under the principles



of subsection (m)). In the case of the employee, the exception of subparagraph (A) shall not apply to expenses described in subparagraph (B) .

(3) Special rule for individuals subject to federal hours of service.

(A) In the case of any expenses for food or beverages consumed while away from home (within the meaning of section 162(a)(2)) by an individual during, or incident to, the period of duty subject to the hours of service limitations of the Department of Transportation, paragraph (1) shall be applied by substituting "80 percent" for "50 percent".

(B) Repeal.

...