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Rev. Proc. 63-4, 1963-1 CB 474

Guides, in the form of answers to a number of specific questions, relative to substantiation of business expenditures for travel, entertainment and gifts, as required by section 1.274-5 of the Income Tax Regulations promulgated under section 274(d) of the Internal Revenue Code of 1954.

1. Purpose.

The purpose of this Revenue Procedure is to set forth answers to a number of specific questions which have been asked with respect to the substantiation requirements of section 1.274-5 of the Income Tax Regulations promulgated under section 274(d) of the Internal Revenue Code of 1954.

RECORD KEEPING

11. Question: If a taxpayer wishes to take a deduction for purchasing a business meal for a customer or prospective customer, what records must he keep?

Answer: He must record the cost, the date, the name and place of the restaurant or hotel, etc., a description such as lunch or dinner, and the occupation or other information relating to all of the persons entertained, including names, titles, or other designations sufficient to establish business relationship to the taxpayer. The business purpose need not be separately stated where it is evident from the business relationship of the persons entertained.