

Tax Reform – Meals & Entertainment

With the changes in the new tax law, there is quite a bit of uncertainty regarding the deductibility of meals and entertainment.

We hope the chart below will provide you with some guidance as to how these expenses should be treated. For tax purposes we recommend that expenses be recorded into the following general ledger accounts:

- Non deductible meals
- 100% deductible meals
- 50% deductible meals
- Entertainment

Description	2017 Expenses (Old Rules)	2018 Expenses (New Rules)
Meal with client & business discussed	50% Deductible	50% Deductible
Meal with client & No business discussed	0% Deductible	0% Deductible
Attending a sporting event, concert, play	50% Deductible	0% Deductible
Golfing with a client/customer	50% Deductible	0% Deductible
Attending a nightclub or social club	50% Deductible	0% Deductible
Rental of Entertainment facility, such as hunting lodge, hotel suites, home in vacation resort	0% Deductible	0% Deductible
Club Membership & Dues	0% Deductible	0% Deductible
Employee meals while away from home on business	50% Deductible	50% Deductible
Office Holiday Party, Picnics, bagels, pizza, lunch for staff meetings	100% Deductible	100% Deductible

Meals provided to employees for
the convenience of Employer
through an eating facility (cafeteria)

100% Deductible

50% Deductible

Please note that the IRS has not yet issued Regulations on the changes made by the Tax Reform Act.

Future Regulations will provide guidance on interpreting the application of the New Rules.