Tax Cuts and Jobs Act

Entertainment and Meals Changes

Major tax changes approved by Congress in the Tax Cuts and Jobs Act (TCJA) became law on December 22, 2017. The IRS is working on implementing this major tax legislation that will affect both individuals and businesses. Meicher CPAs wanted to highlight the new stricter limits on the deductibility of business meals and entertainment expenses. Should you have any questions as how these changes will affect you, please contact us at 608-826-1900 or at info@meichercpas.com

Entertainment expenses: The act disallows a deduction with respect to (1) an activity generally considered to be entertainment, amusement, or recreation; (2) membership dues for any club organized for business, pleasure, recreation, or other social purposes; or (3) a facility or portion thereof used in connection with any of the above items.

Meals: Under the act, taxpayers are still generally able to deduct 50% of the food and beverage expenses associated with operating their trade or business (e.g., meals consumed by employees on work travel). For amounts incurred and paid after Dec. 31, 2017, and until Dec. 31, 2025, the act expands this 50% limitation to expenses of the employer associated with providing food and beverages to employees through an eating facility that meets requirements for *de minimis* fringes and for the convenience of the employer. Such amounts incurred and paid after Dec. 31, 2025, will not be deductible.

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