

# Law Changes Deductibility of Meals and Entertainment

Access US March 2018

The Tax Cuts and Job Act (TCJA) commonly referred to as tax reform has changed the deductibility of certain meals and entertainment expenses. Documentation is especially important in 2018 and now is the time to correctly allocate these expenses and budget accordingly.

NEW RULES FOR 2018		
EXPENDITURE	2017	2018
<b>ENTERTAINING CLIENTS*</b>		
Entertainment	50% deductible for event tickets	NO DEDUCTION
Charitable Events	100% deductible	NO DEDUCTION
<b>MEALS PROVIDED CONVENIENCE OF THE EMPLOYER</b>	100% deductible excludible from employees' gross income as de minimis fringe benefits; otherwise 50% deductible.	50% DEDUCTION NO DEDUCTION AFTER 2025.
<b>FRINGE BENEFITS</b>	<p>Businesses could deduct the cost of employee parking, transit passes and bike commuting reimbursements, and employees could exclude the benefit from income.</p> <p>Employee achievement awards could consist of anything within a dollar limit of \$400 per award and \$1,600 for all awards to the employee for the year.</p>	<p>BUSINESSES CAN NO LONGER DEDUCT THE COST OF EMPLOYEE PARKING AND TRANSIT PASSES. EMPLOYEES CAN CONTINUE TO EXCLUDE THE BENEFIT FROM INCOME.</p> <p>EMPLOYEE ACHIEVEMENT AWARDS MUST BE TANGIBLE PERSONAL PROPERTY AND NOT CASH, GIFT CARDS, COUPONS OR CERTIFICATES, NOR TICKETS, MEALS, VACATIONS, LODGING OR STOCKS AND BONDS. THE DOLLAR LIMITS REMAIN UNCHANGED.</p>



For more information on this topic contact Lumsden McCormick, **Courtland "Cory" Van Deusen, CPA** 716-856-3300 or [cvandeuken@lumsdencpa.com](mailto:cvandeuken@lumsdencpa.com)  
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