

2018 Meals & Entertainment Deductions

by Vonda Modlin, CPA

What you need to know about Tax Reform....

Here are a few quick tips that will help the small business person to decipher the new Tax Reform laws that were enacted December 2017, but are still, at the end of 2018, being clarified: and waiting for further guidance:

- Entertaining Clients - NO longer deductible. This includes tickets to qualified charitable events (See also #1 below)
- Meals provided for Convenience of Employer – only 50% deductible
- Office Holiday and Summer Picnics Parties – still 100% deductible (no change)
- Meals for Travel are still only 50% deductible (no change)

Very Important:

- Heightened need for substantiation of all business meals, including who attends the meal and description of the business conducted
- For BOOKKEEPING purposes – create new, separate accounts that allow for SEPARATE tracking of the following:
 1. Entertainment expenses (i.e. fees for golf, the specific ticket price for sports events, membership dues for any club organized for business, pleasure, recreation or other social purposes and ANY activity considered for entertainment, amusement or recreation)
 2. Meals that may qualify as 100% deductible (i.e. office parties)
 3. Meals that may be limited to 50% deductible (i.e for travel AND expense is not lavish or extravagant, food and beverage stated separately from the cost of entertainment and provided to potential business customers, clients, consultants or similar business contact)