

2024 IRS Deductions for Meals and Entertainment

The IRS provides guidelines for deducting expenses related to meals and entertainment. However, keep in mind that tax laws and regulations can change, so it's always a good idea to consult with the latest IRS publications for the most up-to-date information.

Here are some general guidelines based on the rules:

Business Meals: The Tax Cuts and Jobs Act (TCJA) of 2017 made significant changes to the deductibility of business meals. Under current rules:

- Business meals are generally deductible if they are directly related to the active conduct of a trade or business, or if they are associated with the active conduct of a trade or business directly before or after a substantial business discussion.
- The deduction for business meals is generally limited to 50% of the cost.
- The meal must not be lavish or extravagant under the circumstances, and you or your employee must be present at the meal.

Entertainment Expenses: The TCJA eliminated the deduction for most entertainment expenses, but some exceptions may apply:

- Entertainment expenses, such as tickets to sporting events, concerts, or shows, are generally not deductible.
- However, there are some exceptions, such as expenses for recreational, social, or similar activities primarily for the benefit of employees, which may still be deductible.

Employee Meals: Meals provided to employees for the convenience of the employer are generally 50% deductible. This includes meals provided on the business premises for the employer's convenience.

Record-Keeping: It's important to maintain accurate records of all business-related meals and entertainment expenses, including receipts, names of attendees, business purpose, and date and location of the expense.

Substantiation Requirements: The IRS requires that expenses for meals or entertainment be substantiated by adequate records or by sufficient evidence corroborating the taxpayer's own statement.

Reimbursements: If you are reimbursed for meal or entertainment expenses by your employer, you generally cannot claim a deduction for those expenses.

Exceptions and Special Situations: There may be exceptions and special rules that apply to certain industries or types of businesses. Consulting with a tax professional who is familiar with your specific circumstances can help ensure compliance with IRS rules and maximize any available deductions.

Always refer to the latest IRS publications or consult with a tax professional for specific guidance on deducting meals and entertainment expenses for tax purposes, as rules and regulations may change over time.