

Meals and Entertainment

In order to deduct business meal and entertainment expenses, the expense must be directly related to, or associated with the active conduct of a trade or business, or for the production or collection of income – **Ordinary and Necessary** - is what the IRS is looking for.

Documentation is key to having a solid base for proving the expenses. Receipts are required over \$75

You must always be able to prove:

- The amount of the expenditure
- The time, date and place of the expenditure
- The purpose of the business discussion
- The identification of the people who participated

<i>Event</i>	<i>Deduction</i>
Client Business Meals	50% deductible if ordinary and necessary in carrying on business, taxpayer is present, provided to current or potential client or consultant and not lavish or extravagant
Office Holiday Party or Picnic	100% deductible
Entertainment-related Meals	50% deductible if charges are stated separately from the cost of entertainment; no deduction otherwise
Transportation to/from Restaurant for Client Business Meal	100% deductible
Sporting Event Tickets/Club Memberships	No deduction
Meals Provided to Employees Occasionally and Overtime Employee Meals	50% deductible (nondeductible after 2025)
Water, Coffee and Snacks at the Office	50% deductible (nondeductible after 2025)
Meals During Business Travel	50% deduction
Meals at a Seminar or Conference, or at a Business League Event	50% deductible
Meals in Office During Meetings of Employees, Stockholders, Agents or Directors	50% deductible
Meals while dining alone (unless overnight or long enough to require that you stop for sleep or rest)	No deduction

Travel Expenses

This is just a basic list assuming you are going on a business trip. The travel expenses should be – **Ordinary and Necessary**. If you are looking to incorporate business travel with family vacation then check with your tax preparer for more in-depth guidelines.

Details needed:

- Destination Area of Travel
- Date(s) you left for and returned from your trip
- Number of days spent on business
- Amount of Expense

Common Travel Expenses that are deductible:

- Transportation
 - Airplane
 - Car Rental
 - Taxis, Uber, etc
 - Mileage for the personal use of your car
 - Tolls & Parking fees
- Baggage Fees & Shipping
- Lodging
- Dry Cleaning/Laundry while traveling
- Travel Meals - 50% Deductible



Other Tips:

- ★ Keep your tax documents for 3 years from the date you filed your return (7 years if you claimed a loss)
- ★ Track your cash for incidental expenses ~ write on your ATM receipt!
- ★ Keep your Chart of Accounts Organized with 4 Categories:
 1. Meals 50%
 2. Meals 100%
 3. Travel Expenses
 4. Travel Meals 50%
- ★ Refer to your Tax Preparer for the latest guidelines and IRS rulings!

~Updated 03/2023

Resources: [IRS Publication 535, Business Expenses](#)