

# MEALS & ENTERTAINMENT EXPENSES

## WHAT YOU NEED TO KNOW



As you prepare your year-end 2025 and move into 2026, make sure to consider changes from the Tax Cuts and Jobs Act (TCJA) (2018) and the One Big Beautiful Bill Act (OBBBA) (2025).

### Changes Made

What	2017 (old rules)	2018-2025 (TCJA)	2026+ (OBBBA)	Other Considerations
Cost of occasional holiday party/picnic for employees	100% deductible	100% deductible	100% deductible	
Department gatherings and outings, including refreshments (primarily benefiting non-highly compensated employees)	100% deductible	100% deductible	100% deductible	Needs to be recreational or social in nature
Refreshments or meals brought to the office for employees working overtime	100% deductible if excluded from wages as a fringe benefit	50% deductible	Not deductible	
Operation of an eating facility on or near business for employees	100% deductible	50% deductible	Not deductible	
Meals provided for the convenience of the employer	100% deductible	50% deductible	Not deductible	
Snacks and beverages provided at the office	100% deductible	50% deductible	Not deductible	
Employee meals during a service club or business league meeting	50% deductible	50% deductible	50% deductible	
Meals during business travel	50% deductible	50% deductible	50% deductible	As long as the cost is not lavish or extravagant
Items made available to the general public	100% deductible	100% deductible	100% deductible	

## Changes Made

What	2017 (old rules)	2018-2025 (TCJA)	2026+ (OBBBA)	Other Considerations
Food offered to the public/customers for free during a seminar or other event	100% deductible	100% deductible	100% deductible	
Meal with a customer	50% deductible if taxpayer is present and cost is not lavish or extravagant	50% deductible if taxpayer is present and cost is not lavish or extravagant	50% deductible if taxpayer is present and cost is not lavish or extravagant	Documentation of business purpose is essential
Event tickets	deductible in various capacities	Not deductible	Not deductible	Includes charitable sporting events. The charitable donation portion may still be deductible
Meals with a customer during entertainment events	50% deductible	50% deductible if meal is stated separate from entertainment	50% deductible if meal is stated separate from entertainment	If meal cost is included in entertainment package, not deductible
Employee transit passes or parking provided by employer	Partial deduction	Not deductible unless included in wages	Not deductible unless included in wages	
Membership dues for clubs organized for business, pleasure, recreation or other social purposes	50% deductible	Not deductible unless included in wages	Not deductible unless included in wages	Costs related to business leagues and chambers of commerce remain deductible; however, the deductibility of dues for civic organizations is uncertain

Make sure to capture expenses treated differently as you complete year-end 2025. Also, consider whether some expenditures may be more appropriately classified as promotions or advertising expenses. You may also want to review your reimbursement policies to ensure they align with the new rules.