

Business Meals, Travel, and Entertainment Deductibility Reference Sheet

	<u>Deductibility</u>		
	100%	50%	0%
Business Meals			
Meal for/with employees, if de minimis and infrequent	◇		
Meal for employee working overtime, if de minimis	◇		
Meals provided for employees for occasional meeting, training, seminars, or celebrations	◇		
Meal provided at or near cost to employees at employer-operated cafeteria	◇		
Meal provided for employee recreation (picnic, holiday parties, etc.)	◇		
Free snacks and drinks (coffee, bottled water, donuts, etc.) provided for employees at the place of business	◇		
Meals included on employee W-2 forms as taxable compensation	◇		
Meals provided to the public for promotional purposes	◇		
Meals provided at a charity event where proceeds go to a 501(c)3 charity	◇		
Meals while traveling for business purpose		◇	
Meal with customer where business is discussed before, during, or after the meal		◇	
Meal exclusively provided to highly compensated employees		◇	
Meal with employee, may not qualify for full deductibility, but business is discussed		◇	
Meal provided to customer where taxpayer, employee, or representative is not present			◇
Meal with customer, no business discussed			◇
Lavish or extravagant meal			◇
Meal with employee, frequent or not de minimis and no business is discussed			◇
Entertainment Expenses			
Expenses incurred for employee recreation (picnic, holiday parties, etc.)	◇		
Holiday turkeys, hams, wine, etc.	◇		
Business gifts up to \$25 per person	◇		
Samples and promotional items	◇		
Mentoring program, formal or informal	◇		
Qualified charitable event tickets to clients and employees	◇		
Sporting event tickets provided to employees on a non-discriminatory basis	◇		
Entertainment of customers, business discussion before, during, or after entertainment		◇	
Entertainment of customers, no business discussion			◇
Cost of luxury tickets in excess of normal ticket cost			◇
Recreational club dues (country club, hunting club, etc.)			◇
Travel Expenses			
Transportation and lodging expenses for local or out-of-town business	◇		
Transportation to/from business meal	◇		
Transportation to/from entertainment event for business purpose	◇		
Charitable travel - no vacation	◇		
Travel expenses as form of education			◇
Commuting to/from work			◇

NOTE: Parking, taxes, and tips included with the meals and entertainment are treated the same as the related items.

Documentation required: (1)The amount and description of each expenditure, (2)The time and place the meal/entertainment was provided, (3)The business purpose of the activity, including a description of any business benefit derived or expected, and the nature of any business discussion with the person entertained, and (4)The business relationship to the person(s) entertained, which may be indicated by listing the name, title, occupation, or other designation sufficient to establish the relationship.