

### ***Limitation on Meals & Entertainment***

*Previously, meals provided on the business premises for the convenience of the employer were fully deductible and all other business related meals & entertainment expenses were 50% deductible. The meals and entertainment expenses had to be directly related to your business.*

*Under the new law, the tax break for meals provided on the business premises has been removed. This means that the Saturday sales staff luncheons or accounting department dinners are no longer 100% deductible. These meals will be subject to the same 50% rule that all other business meals are until the end of 2025. After that, these meal expenses are no longer deductible. This also applies to on-site cafeterias and snack bars.*

*However, two common **dealership** activities appear to have avoided the chopping block. First, your typical “business related” meals with clients, customers, vendors and co-workers to discuss business will still be 50% deductible as well as meals while away on travel for business activities. Secondly, most company-wide events like Fourth of July picnics, December holiday parties or recreational and social events will remain fully deductible so long as these events are primarily for the benefit of employees other than highly compensated employees and owners.*

*Entertainment Expenses are no longer deductible. Under the new law, no deduction is allowed for: (1) an activity generally considered to be entertainment, amusement, or recreation, (2) membership dues for any club organized for business, pleasure, recreation, or other social purposes, or (3) a facility used in connection with any of the above items. The new law eliminates any ambiguity as to whether the entertainment expense meets the “directly-related-to business” or “associated-with business” test, and NO deduction is allowed unless an offsetting amount of income is included in the employee’s wages*

*If you wish to discuss the impact of these rules on your particular situation, please email me at [marc@crumbackassociates.com](mailto:marc@crumbackassociates.com) or give me a call at 443-286-7969*