

Meal and Entertainment Quick Reference Guide

Expense type	General rule (2018–2025)	Rule under OBBBA (2026 & later*)	Notes
Food & Beverages			
<i>“Food or beverage expenses” include the full cost of the items, including any delivery fees, tips, and sales tax.</i>			
Business meals (client or internal meetings) and employee travel meals	50% deductible. A temporary 100% deduction applied for food from restaurants in 2021–2022.	50% deductible.	The general 50% limitation under IRC § 274(n)(1) applies. Expense must also meet § 274(k) (ordinary and necessary, not lavish or extravagant, and taxpayer or employee is present). The temporary 100% restaurant deduction expired after 2022.
Meals at business meetings of employees, shareholders, directors, or business leagues	50% deductible.	50% deductible.	The business-meeting exception in § 274(e)(5) applies to entertainment expenses, not meals. Meal expenses remain subject to the 50% limit in § 274(n)(1).
Meals reimbursed by a client	100% deductible for the service provider.	100% deductible for the service provider.	Under § 274(e)(3), if the service provider substantiates the expense to the client, the 50% limit applies to the client who ultimately bears the cost, not the service provider receiving reimbursement.
“De minimis” fringe meals or meals for the convenience of the employer	50% deductible.	Nondeductible, with limited exceptions.	§ 274(o) disallows deductions for these meals starting in 2026. Deductions are still allowed if: (1) meals are sold to employees in a bona fide transaction (§ 274(e)(8)), or (2) they qualify for the new exception for meals on certain vessels/rigs.
Meals on certain fishing vessels & remote fish processing facilities	50% deductible.	100% deductible.	OBBBA § 70305 adds § 274(n)(2)(C)(v), creating a new exception to the 50% limit for these specific meals, effective for amounts paid or incurred after December 31, 2025.
Meals in an employer-operated eating facility	50% deductible.	Nondeductible, with limited exceptions.	Same treatment as “de minimis” fringe meals. § 274(o) disallows the deduction starting in 2026, subject to exceptions created by OBBBA § 70305.



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Entertainment & Related Facilities			
<i>The cost of food and beverages provided at entertainment events is considered a nondeductible entertainment expense unless it is purchased separately from the entertainment or its cost is stated separately on one or more bills, invoices, or receipts. If the cost is not separated, the entire amount is nondeductible.</i>			
Client, referral, and other business entertainment	Nondeductible.	Nondeductible.	§ 274(a)(1) generally disallows deductions for entertainment, amusement, or recreation activities.
Club dues	Nondeductible.	Nondeductible.	§ 274(a)(3) disallows deductions for dues for any club organized for business, pleasure, recreation, or other social purpose.
Entertainment during and directly related to bona fide business meetings (employees, shareholders, etc.)	100% deductible.	100% deductible.	Exception to the entertainment disallowance under § 274(e)(5) and (e)(6). This rule applies only to the entertainment portion, not the meal portion (meals still generally 50% limited).
Combined Meals & Entertainment			
Employee recreational/social activities (e.g., holiday parties, picnics)	100% deductible.	100% deductible.	§ 274(e)(4) provides an exception for activities primarily for the benefit of non–highly compensated employees. This covers both meal and entertainment costs for those events.
Items available to the public	100% deductible.	100% deductible.	§ 274(e)(7) provides an exception for items made available to the general public.
Items included in employee income as compensation	100% deductible.	100% deductible.	§ 274(e)(2) (employees) and § 274(e)(9) (non-employees) provide exceptions when the value is treated as taxable compensation.
Gifts			
Business gifts	100% deductible up to \$25 per recipient per year; amounts over \$25 are nondeductible.	100% deductible up to \$25 per recipient per year; amounts over \$25 are nondeductible.	§ 274(b)(1) limits the deduction for business gifts to \$25 per individual per year. OBBBA did not change this limit.

*OBBBA changes generally apply to amounts paid or incurred after December 31, 2025.



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