

IRS News Release

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IRS issues guidance on Tax Cuts and Jobs Act changes on business expense deductions for meals, entertainment

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WASHINGTON — The Internal Revenue Service issued guidance today on the business expense deduction for meals and entertainment following law changes in the Tax Cuts and Jobs Act (TCJA).

The 2017 TCJA eliminated the deduction for any expenses related to activities generally considered entertainment, amusement or recreation.

Taxpayers may continue to deduct 50 percent of the cost of business meals if the taxpayer (or an employee of the taxpayer) is present and the food or beverages are not considered lavish or extravagant. The meals may be provided to a current or potential business customer, client, consultant or similar business contact.

Food and beverages that are provided during entertainment events will not be considered entertainment if purchased separately from the event.

Prior to 2018, a business could deduct up to 50 percent of entertainment expenses directly related to the active conduct of a trade or business or, if incurred immediately before or after a bona fide business discussion, associated with the active conduct of a trade or business.

The Department of the Treasury and the IRS expect to publish proposed regulations clarifying when business meal expenses are deductible and what constitutes entertainment. Until the proposed regulations are effective, taxpayers can rely on guidance in [Notice 2018-76](#).

Updates on the implementation of the TCJA can be found on the [Tax Reform page](#) of IRS.gov.