

# 2026 Tax Treatment of Business Meals and Entertainment Expenses

The tax treatment of business meals and entertainment expenses has changed significantly in recent years. Immediately following the Tax Cuts and Jobs Act of 2017 (TCJA), the deduction for most food and beverage business expenses were limited to 50%. Other provisions of the TCJA were delayed and only take effect **beginning on Jan. 1, 2026**. Specifically, beginning in 2026, TCJA de minimis food and beverage expenses (under IRC § 132) served at an employer-operated eating facility and certain meals furnished for the convenience of an employer (under IRC § 119) are no longer deductible in any capacity.

For bookkeeping purposes, it would be beneficial for taxpayers to separately track their entertainment expenses (which will be nondeductible); food and beverage expenses entitled to a 50% deduction; food and beverage expenses entitled to a 100% deduction; and nondeductible food and beverage expenses by using the chart below.



## MEALS AND ENTERTAINMENT DEDUCTIONS - BEGINNING JAN. 1, 2026

EXPENSE DESCRIPTION	NOTES	PRIOR RULE	BEGINNING JANUARY 1, 2026
<b>Client Business Meal</b>	Client business meals must: (1) Be ordinary and necessary to the trade or business; (2) may not be lavish or extravagant; (3) the taxpayer, or an employee of the taxpayer, must be present at the meal; (4) the meal must be provided to a current customer, client, consultant, or similar business contact (i.e., a prospective client).	50% Deductible	50% Deductible
<b>Meals During Travel</b>	In order to be deductible the meals must not be extravagant or lavish, and the travel must be made in pursuit of a trade or business.	50% Deductible	50% Deductible
<b>Meals Provided Primarily To Employees on the Business Premises</b>	Meals that are primarily for the convenience of the employer and served on the employer's premises.	50% Deductible	Non-Deductible
<b>Water, Coffee, and Snacks Provided on the Business Premises Not in Conjunction With an Eating Facility</b>	Food and beverages that are provided by an employer for employees that qualify as de minimis fringe benefits, and the food and beverages are not provided in association with an "eating facility."	50% Deductible	50% Deductible
<b>Water, Coffee, and Snacks Provided on the Business Premises Served in Conjunction With an Eating Facility</b>	Food and beverages that are provided by an employer for employees that are provided in association with an "eating facility." This rule applies even if the foods and beverages qualify as de minimis fringe benefits.	50% Deductible	Non-Deductible
<b>Employee Shift Meals</b>	Restaurant or caterer's costs for food and beverage items, purchased in connection with preparing and providing meals to its paying customers, that are consumed at the worksite by employees of the restaurant or caterer.	100% Deductible	100% Deductible

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EXPENSE DESCRIPTION	NOTES	PRIOR RULE	BEGINNING JANUARY 1, 2026
<b>Meals Treated as Compensation to an Employee or an Independent Contractor</b>		100% Deductible	100% Deductible
<b>Meals Sold to or Reimbursed by a Client or Customer</b>		100% Deductible	100% Deductible
<b>Meals at Internal Business Meetings</b>	Meals at business meetings must be directly related to meetings of employees, stockholders, agents, or directors. The meeting may be on or off the business premises.	50% Deductible	50% Deductible
<b>Meals of Business Leagues</b>	Meals must be directly related and necessary to attendance at IRC § 501(c)(6) organizations (i.e., business leagues, chambers of commerce, real estate boards, and boards of trades), and the organization must be tax exempt under IRC § 501(a).	50% Deductible	50% Deductible
<b>Food Offered for Free To the General Public</b>		100% Deductible	100% Deductible
<b>Club Memberships</b>	This includes memberships in clubs organized for business, pleasure, recreation, or other social purpose, which include social, athletic, or sporting clubs and organizations.	Non-Deductible	Non-Deductible
<b>Company Event (e.g., holiday parties or company picnics)</b>	Recreational, social, or similar activities primarily for the benefit of employees.	100% Deductible	100% Deductible
<b>Sporting Event Tickets and Skyboxes</b>	Previously 50% of the face value of the ticket or skybox (to the extent of the face value of a non-luxury seat ticket in such box) were deductible.	Non-Deductible	Non-Deductible
<b>Charitable Sporting Event Tickets</b>		Non-Deductible	Non-Deductible
<b>Charitable Contributions Made to Educational Institutions for the Right To Purchase Sports Tickets</b>	Previously these payments were 80% deductible as charitable contributions (not meals and entertainment).	Non-Deductible	Non-Deductible
<b>Meals Included with a Ticket To an Entertainment Event</b>	If the meals are included, and not separately stated, from the cost of the entertainment.	Non-Deductible	Non-Deductible
<b>Meals Purchased at an Entertainment Event</b>	These meals must be separately stated from the entertainment on the bill, invoice or receipt.	50% Deductible	50% Deductible