

## Meals & Entertainment Guide

The IRS allows deductions on certain business meal and entertainment expenses for clients, charitable organizations and employees, with some expenses qualifying for a higher deduction than others. We've put this simple guide together outlining the most common types of meal and entertainment expenses, their corresponding rate of deduction and whether or not they need to be reported to the federal government.

MEALS AND ENTERTAINMENT GUIDE	Type Expense	Information Reporting	Deductible		
			100%	50%	None
<b>Expenditures for charitable organizations</b>					
Charitable fundraising events--excess over FMV--sponsorship	Advertising		X		
Charitable fundraising events--FMV of tickets	Entertainment			X	
Charitable organization--adbooks, yearbook or program ads	Advertising		X		
Golf tournaments--charitable--excess over value of entry	Advertising		X		
Golf tournaments--charitable--value of entry	Entertainment			X	
School donation for right to buy tickets--first 80%	Donation		X		
School donation for right to buy tickets--remaining 20%	Entertainment			X	
<b>Expenditures for client/customer promotion</b>					
Client/customer entertainment	Entertainment			X	
Client/customer gifts, cost in excess of \$25	Entertainment				X
Client/customer gifts, first \$25	Entertainment			X	
Club dues	Entertainment				X
Coffee, water, snacks, etc. available while shopping/awaiting service	Advertising		X		
Fairs, exhibitions--Food, drinks, entertainment	Entertainment			X	
Fairs, exhibitions--no meals and entertainment	Advertising		X		
Gift certificates & other cash equivalents--prizes/promotions--under \$600	Advertising	None	X		
Gift certificates & other cash equivalents--prizes/promotions--\$600 & over	Advertising	1099-MISC Box 3	X		
Networking events--food, drink entertainment	Entertainment			X	
Professional sports tickets for entertaining	Entertainment			X	
Rebates (cash) (Treated as price reduction)	Sales		X		
<b>Employee fringe benefits</b>					
Business travel--airfare, auto rental, lodging, etc.	Travel		X		
Charitable organization--meals in office	Fringe benefit		X		
Coffee, water (cooler), sodas, bagels, fruit, snacks, etc. while working	Fringe benefit		X		
Company outing--golf, ski, picnic, professional sports game, etc.	Fringe benefit		X		
Company sports teams	Fringe benefit		X		
Conferences & seminars--meals	Training			X	
Conferences & seminars--travel, registration fee, tuition, books	Training		X		
Gift certificates & other cash equivalents	Compensation	Add to W-2	X		
Gifts (cash)--employee special occasion--birthday, wedding, etc	Compensation	Add to W-2	X		
Gifts (noncash) less than \$400--for years of service	Fringe benefit		X		
Gifts (noncash)--holiday, secretary day	Fringe benefit		X		
Holiday Party	Fringe benefit		X		
Lunch, dinner meetings for convenience of firm	Fringe benefit		X		
Meals consumed while working overtime (meal or cash reimbursement)	Fringe benefit		X		
Taking employee(s) to lunch or dinner	Fringe benefit			X	