

Business Deductions for Year-End 2022

| | Current Deduction Allowed |
|---|---------------------------|
| Meals, Entertainment, Club Dues, Employee Parking | |
| Meals and entertainment as a component of nondiscriminatory recreation or social activities (i.e. holiday party, summer picnic, etc.) | 100% |
| De minimis meals, qualified employer cafeteria expenses, and convenience-of-employer meals | 50% (0% after 2025) |
| Snacks furnished on business premises for employees | 50%* |
| Entertaining clients, customers, referral sources, business contacts | 0% |
| Meals with clients, customers, referral sources, business contacts, or employees | 50%* |
| Meals at business meeting of employees, stockholders, and directors | 50% |
| Entertainment at a business meeting of employees, stockholders, and directors | 100% |
| Club dues [i.e. country clubs, golf clubs, athletic clubs] | 0% |
| Employee parking and transportation fringe benefits | 0% |

Business Meals

Convenience-of-employer meals, meals provided through an in-house cafeteria, or otherwise on the premises of the employer are now 50% deductible (previously 100%).

Recent IRS guidance clarifies that meals are not entertainment. As in the past, taxpayers generally may continue to deduct 50%* of otherwise allowable business meal expenses if: (a) the expense is an ordinary and necessary expense paid or incurred during the tax year in carrying on any trade or business; (b) the expense is not lavish or extravagant under the circumstances; (c) the taxpayer, or an employee of the taxpayer, is present at the furnishing of the food or beverages; (d) the food and beverages are provided to a current or potential business customer, client, consultant, or similar business contact; and (e) in the case of food and beverages provided during or at an entertainment activity, the food and beverages are purchased separately from the entertainment, or the cost of the food and beverages is stated separately from the cost of the entertainment on one or more bills, invoices, or receipts.

Entertainment

For amounts incurred or paid after Dec. 31, 2017, deductions for entertainment expenses are disallowed, eliminating the

subjective determination of whether such expenses are sufficiently business related.

Employee Parking

Deductions for employee transportation fringe benefits (e.g., parking and mass transit) are denied, but the exclusion from income for such benefits received by an employee is retained. In addition, no deduction is allowed for transportation expenses that are the equivalent of commuting for employees (e.g., between the employee's home and the workplace), except as provided for the safety of the employee.

Club Dues

The club-dues disallowance rule generally doesn't affect dues paid to professional organizations including bar associations and medical associations, or civic or public-service-type organizations, such as the Lions, Kiwanis, or Rotary clubs. The dues paid to local business leagues, chambers of commerce and boards of trade also aren't considered nondeductible club dues. However, an organization isn't exempt from the disallowance rule if its principal purpose is to provide entertainment facilities to its members, or to conduct entertainment activities for them.

**100% if at or provided by a restaurant for 2021-2022 only*