

2023 Meals and Entertainment Deductions

As of 2023, deductions are now back where they were prior to 2021. The majority of business meals are now 50% deductible, and most entertainment expenses are not deductible at all.

How do you know what is deductible in 2023?

The short answer is that it depends. Exactly what is deductible, and to what extent, depends entirely on the circumstances involved. Below are some general guidelines to consider:

100% Deductible

- Food for recreational employee events, such as holiday parties, summer picnics, or team-building events.
- Food provided to the public to promote goodwill (e.g., snacks or coffee for customers).
- Food for events in support of a charitable cause.
- Meals that are an essential part of your business function (for example, if you are a food critic or food blogger).
- Meals provided to the employees for the convenience of the employer (e.g., dinner for employees who work late at the office).
- Meals included as taxable compensation to employees or independent contractors.
- Meals sold to a client or customer.

50% Deductible

- Business meals.
- Meals provided in-office for meetings of employees, stockholders, agents, or directors.
- Employee meals at a company cafeteria if the annual revenue of the facility is equal to or greater than the costs.
- Food items, such as soda, coffee, or snacks, for employees
- Meals while traveling for work.
- Meals at a conference.

Not Deductible

- Entertainment.