IRS Guidance on the Business Expense Deductions for Meals and Entertainment

October 12, 2020

On September 30, 2020, the IRS issued final regulations providing guidance on the business expense deductions for meals and entertainment under Section 274 of the Internal Revenue Code in light of changes made by the Tax Cuts and Jobs Act (the ?ÃÂ£***TCJA***?ÃÂ¥). The TCJA eliminated most deductions for business expenses related to entertainment, amusement, or recreational activities, but allowed taxpayers to continue to deduct certain business expenses for food and beverages, as we discussed in our prior blog post **here**. The final regulations (i) address the elimination of the deduction for most entertainment, amusement, or recreational activity expenses; (ii) provide guidance on what constitutes entertainment for such purposes; and (iii) address the limitation on the deduction for meal expenses. The final regulations will be effective on the date of their publication in the Federal Register, which is scheduled for October 9, 2020. Taxpayers who pay or incur business expenses for meals and entertainment should review the final regulations to determine which expenses are deductible. The final regulations are available?Ã¡**here.**

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