



2022 Guide to Deducting Business Meals and Entertainment

Food and Beverage Expenses

Thanks to the COVID-19 relief laws (American Rescue Plan), the usual deduction for 50% of the cost of business meals is *doubled to 100%* for food and beverages *provided by restaurants* in 2022 (and 2021). The following requirements must be met:

- The expense is an ordinary and necessary business expense (not lavish or extravagant) paid or incurred during the tax year in carrying on any trade or business.
- The taxpayer (or an employee of the taxpayer) is present when the food or beverages are provided.
- The food and beverages are provided to a current or potential business customer, client, consultant or similar business contact.
- Restaurants include businesses that prepare and sell food or beverages to retail customers for immediate on-site or off-site consumption.
 - Grocery stores, convenience stores and other businesses that primarily sell pre-packaged goods (not for immediate consumption) *do not* qualify as restaurants.

Entertainment Expenses

Entertainment expenses are NOT deductible. However, you can claim a deduction for amounts paid for **food and beverages** provided at or during an entertainment activity.

- These must be listed separately on the invoice or purchased separately.
- An example is the purchase of food/drinks at a sporting event. The tickets are not deductible but the food and beverages qualify at 100% through the end of 2022.

For more information, as well as details on the special recordkeeping rules that apply to business meals, see IRS [Publication 463, Travel, Gift, and Car Expenses](#).

Other tax benefits

From business start-up expenses to the qualified business income deduction to the health-insurance deduction for self-employed individuals, there are a variety of other tax benefits that are often available to entrepreneurs and other business owners.

For details on these and other tax benefits, see [Publication 535, Business Expenses](#). Details on another major expense for most businesses, depreciation of buildings, equipment and other assets can be found in [Publication 946, How to Depreciate Property](#). Another resource for any small business is the IRS Tax Guide for Small Business, [Publication 334](#).

What will change in 2023

Beginning Jan. 1, 2023, the meal and entertainment deductions revert back to the pre-COVID percentages, which reduces them from 100% deductibility to 50% deductibility.