

Anchin Alert

Anchin, Block & Anchin LLP
Accountants and Advisors

October 3, 2018

Finally Some Digestible Meal and Entertainment Guidance

On October 3rd, the Internal Revenue Service released Notice 2018-76 providing transitional guidance on how the Tax Cuts & Jobs Act changes to the deductibility of Entertainment expense affects the 50% deductibility of business Meals that taxpayers and professionals had been hungering for. While the guidance is transitional, it provides clarity on some of the issues we had previously provided comments on:

A business meal is still a 50% deductible expense provided it meets the statutory requirements:

- Is an ordinary and necessary expense paid or incurred in the taxable year in carrying on any trade or business
- The expense is not lavish or extravagant
- The taxpayer or an employee of the taxpayer is present
- Provided to a current or future customer, client, consultant, or similar business contact
- If purchased at an entertainment venue, the food and beverages are purchased/stated separately from the entertainment costs
- Proper substantiation & documentation is provided

Note: if not properly substantiated, the expense will be deemed non-deductible entertainment. Entertainment events are still not deductible other than for professionals working the event (think theatre critic at a play). Separate guidance on employee meals on premises will be forthcoming from the IRS.

We are evaluating the impact on your situation. Please contact your Anchin relationship partner with any questions that you may have.



Anchin, Block & Anchin LLP
Accountants and Advisors
1375 Broadway, New York, NY 10018
212.840.3456 • www.anchin.com

