

Tax Treatment of Business Meals & Entertainment Expenses



Below is a comprehensive chart summarizing the deductibility of meals and entertainment expenses for tax year 2026, reflecting the law as amended by the One Big Beautiful Bill Act (OBBBA) and other relevant authorities. The chart includes the general rules, key exceptions, and the impact of recent legislative changes.

Expense Type	Deductible %	General Rule for 2026	Notes
Business Meals (general)	50%	No change to 50% limit for most business meals	Must be ordinary, necessary, not lavish, taxpayer present, and properly substantiated
Meals Provided for Employer's Convenience	0%	No deduction allowed for meals provided on employer's premises for employer's convenience	Applies to both food/beverage costs and facility operating expenses
Employer-Operated Eating Facilities	0%	No deduction allowed for expenses of operating on-site eating facilities	Applies to both de minimis and non-de minimis facilities
De Minimis Meals/Fringe Benefits	0%	No deduction allowed for de minimis food and beverages provided to employees	Applies to breakroom snacks, coffee, etc.
Entertainment Expenses (e.g., tickets, golf, clubs)	0%	Remain nondeductible	No change
Meals at Entertainment Events (separately state)	50%	50% deductible if food/beverage cost is separately stated from entertainment	If not separately stated, entire amount is nondeductible
Meals for Employee Recreational/Social Events	100%	Fully deductible if primarily for rank-and-file employees (e.g., company picnic, party)	Not for highly compensated employees
Meals Included in Employee/Contractor Income	100%	Fully deductible if included in recipient's taxable income (W-2/1099)	Employer must report as compensation
Meals Sold to Customers/Public	100%	Fully deductible	Includes food/beverage sold or provided to general public
Meals for Certain Transportation Workers	80%	Applies to truck drivers, certain air/rail employees	Subject to DOT hours of service rules
Meals for Certain Fishing Vessels/Facilities	100%	New for 2026: 100% deductible for meals on fishing vessels, fish processing/tender vessels, or certain facilities	Applies north of 50° N latitude and outside metro areas

- **General 50% Limit:** The 50% deduction limit for business meals remains in effect for 2026, except for the specific exceptions listed above.
- **Entertainment Expenses:** Remain non-deductible, with no changes under OBBBA.
- **Documentation/Substantiation:** Adequate records must be kept for all meal and entertainment expenses, including amount, time/place, business purpose, and business relationship.