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Stimulus Bill Increases Deduction Amount for Most Business Meals

Tax Planning & Structuring

An often-used tax deduction for business meals was expanded by the most recent COVID-19 stimulus, passed in December and now effective in 2021.

As a result of the Tax Cuts and Jobs Act, passed in December 2017, the deduction for business meals that otherwise met the general requirements for deduction was limited to 50% of the cost of the meal.

The Taxpayer Certainty and Disaster Relief Act of 2020, enacted last month, makes business meals provided by restaurants in 2021 and 2022 fully deductible, allowing a 100% deduction for takeout and delivery meals provided by a restaurant (in addition to meals eaten on the restaurant's premises). There is no requirement that the meal be consumed in the restaurant. *However, other existing requirements for deductibility under the Internal Revenue Code continue to apply* , including those applicable to food or beverages provided at an entertainment activity.

For additional questions or information about this tax law change, please contact a member of Gould & Ratner's Tax Planning and Compliance Practice.