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2026 MEALS AND ENTERTAINMENT SUMMARY

Beginning January 1, 2026, many routine employer-provided staff meals that were previously 50% deductible become fully non-deductible. The change primarily affects meals provided on the employer's premises for the employer's convenience, including staff lunches, lunch-and-learns, late-shift meals, and breakroom food.

Use this summary as a quick reference for coding expenses, preserving allowable deductions, and maintaining IRS-ready documentation.

Quick Reference: Expense Treatment

Expense Type	Deduction	Key Treatment
Routine staff meals, lunch-and-learns, breakroom food, late-shift meals	0%	Generally non-deductible after 12/31/2025 if provided for the employer's convenience on business premises.
Client, vendor, referral source, and business travel meals	50%	Deductible if ordinary, necessary, not lavish, taxpayer/employee is present, and business purpose is documented.
All-employee social events; meals treated as taxable compensation	100%	Holiday parties, all-staff events, and W-2 taxable meal benefits may remain fully deductible if properly classified.
Promotional/public event meals	100%	May qualify when food is available to the public or a broad promotional audience and the event is documented.
Entertainment	0%	Sporting events, golf outings, concerts, and similar entertainment remain non-deductible; separately stated meals may still qualify.

IRS Documentation Requirements

For deductible meals, records should be created at or near the time of the expense and should support the applicable deduction category.

Document the following:

- Amount, date, and location of the meal.
- Specific business purpose rather than a vague description such as "meeting."
- Attendees and business relationship, including names, titles, or roles.
- Receipt or documentary evidence, especially for expenditures of $25 or more.

***Entertainment reminder**: If food is provided with entertainment, the meal must be separately stated on the invoice or receipt to avoid being treated as non-deductible entertainment.*

Implementation Checklist

Before 2026 year-end close, practices should:

- ☑ Create separate general ledger accounts or expense categories for 100%, 50%, and 0% meals.
- ☑ Update bookkeeping instructions, credit card coding rules, and reimbursement forms.
- ☑ Train managers and administrators on staff meals, business meals, public events, and entertainment coding.
- ☑ Standardize required documentation for business purpose, attendees, and receipts.
- ☑ Review recurring staff meal, snack, and lunch-and-learn costs for budget impact and tax treatment.

Contact us today to learn more!
800-635-4040
info@doctorsmanagement.com
www.doctorsmanagement.com