



TaxNewsFlash

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Proposed regulations: Deductibility of business meal expenses

The U.S. Treasury Department and IRS this afternoon released for publication in the Federal Register a notice of proposed rulemaking (REG-100814-19) as guidance under section 274 and regarding changes made to section 274 by the U.S. tax law enacted in 2017.

Section 274 was amended by the 2017 tax law (Pub. L. No. 115-97)—the law that is often referred to as the “Tax Cuts and Jobs Act” (TCJA). The legislative changes revised the rules for deducting expenditures for meals and entertainment, effective for amounts paid or incurred after December 31, 2017. Specifically, the 2017 law repealed deductions for entertainment, amusement, and recreation—even when directly related to the conduct of the taxpayer’s trade or business. The 50% deduction limitation for food and beverage expenses associated with a trade or business was generally retained.

The [proposed regulations](#) [PDF 309 KB] (12 pages as published in the Federal Register):

- Address the repeal of the deduction under section 274 for expenditures related to entertainment, amusement, or recreation activities
- Provide guidance to determine whether an activity is of a type generally considered to be entertainment
- Address the limitation on the deduction of food and beverage expenses under section 274(k) and (n)—including the applicability of the exceptions under section 274(e)(2), (3), (4), (7), (8), and (9)

Public hearing

The proposed regulations as originally published in the Federal Register in February 2020 provided that the date of the public hearing would be April 7, 2020. Subsequently, the date of the public hearing was changed to April 29, 2020.

Read the [notice](#) [PDF 131 KB] (March 2020) announcing this public hearing date change and also announcing that outlines of topics to be discussed at the public hearing and comments must be received by April 13, 2020.

The purpose of this report is to provide text of the proposed regulations.

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