



# TaxNewsFlash

## United States



No. 2021-451  
November 16, 2021

## Notice 2021-63: Clarifying temporary 100% deduction for food or beverages from restaurants and per diem rates

The IRS today released an advance version of Notice 2021-63 as guidance clarifying application of the temporary 100% business deduction for food or beverages from restaurants for taxpayers properly applying the rules for using per diem rates.

[Notice 2021-63](#) [PDF 60 KB] provides a special rule that allows a taxpayer to treat the full meal portion of a per diem or allowance as being attributable to food or beverages from a restaurant for the period that beginning after December 31, 2020, and before January 1, 2023.

Taxpayers are directed to refer to section 6.05 of [Rev. Proc.2019-48](#) [PDF 98 KB] to determine the meal portion of a per diem rate or allowance paid or incurred.

Read a related IRS release—[IR-2021-225](#) (November 16, 2021)

### Background

A temporary 100% deduction was made available by the “Taxpayer Certainty and Disaster Tax Relief Act of 2020,” a division of the Consolidated Appropriations Act, 2021 (Pub. L. No. 116- 260) (enacted December 27, 2020). Specifically, section 274(n)(2)(D) was added to the Code to provide a temporary exception to the 50% limitation for expenses for food or beverages provided by a restaurant.

For expenses paid or incurred after December 31, 2020, and before January 1, 2023, businesses can claim 100% of their food or beverage expenses provided by a restaurants as long as the business owner (or an employee of the business) is present when food or beverages are provided and the expense is not lavish or extravagant under the circumstances.

In April 2021, the IRS issued Notice 2021-25 as guidance regarding the temporary 100% deduction for expenses that are paid or incurred after December 31, 2020, and before January 1, 2023, for food or beverages provided by a restaurant. Read [TaxNewsFlash](#)

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