

## Publications

### *Federal Tax Bulletin: Congress Temporarily Expands Deductibility of Business Meals Through 2022*

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The Covid-relief act (the **Act**) signed into law on December 27, 2020 includes a number of provisions meant to juice up the economy amidst the ongoing pandemic. One such provision temporarily increases the amount of the deduction available to businesses for the cost of business-related food and beverages provided by a restaurant.

Under prior law, most business-related food and beverage expenses were subject to a limitation that made them only 50% deductible for tax purposes. The Act increases the tax deduction to 100% of such expenses paid or incurred in calendar year 2021 or 2022, where the food and beverages are “provided by a restaurant.” No guidance has yet been provided on what qualifies as food and beverage “provided by a restaurant,” though it appears that restaurant takeout and delivery meals will qualify.

Generally, the Act’s new rule affects the following categories of food and beverage expenses, which were previously only 50% deductible:

- Food/beverages provided at a business meeting of employees, stockholders, agents or directors;
- Food/beverages provided to a current or potential customer, client, consultant, or similar business contact (so long as an employee or owner of the business is also in attendance); and
- Food/beverages provided on the business’s premises, primarily to employees.

The Act does not change any of the other criteria for deducting business-related food and beverage expenses. Thus, to be deductible, the expense must be an ordinary business expense and must not be “lavish and extravagant.”

If you have any questions about this bulletin, the Act or the deductibility of business meals generally, contact your Vorys attorney.

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## Vorys COVID-19 Task Force

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