

# Meals and Entertainment Study



**Do you entertain clients and potential customers?**

**Do you have a sales force that incurs meal costs while away from home/the office?**

If you answered “yes” to any of the above questions, it may be time to consider a **meals and entertainment study**. The occasional entertainment of customers and potential clients is often a necessary cost of doing business, but sometimes these expenses are only partially deductible or not deductible at all. As a general

rule, a company can deduct meals and entertainment expenses as business expenses only if certain conditions are met.

What’s more, the deduction is often limited to 50 percent of the cost. However, in some cases the 50 percent limitation does not apply and a full deduction can be obtained. GBQ can review your expenses and assist by properly categorizing entertainment expenses in order to take the highest allowable deductions. Further, higher scrutiny has been placed on meals and entertainment expenses in recent years by the IRS. As such, understanding substantiation rules and maintaining proper documentation have never been more important.

## Benefits:

- Considerable refunds of prior years’ taxes
- Ongoing permanent tax savings
- Improvements to processes that segregate fully deductible expenditures from otherwise partially deductible meals and entertainment costs.
- Proper documentation and substantiation can ensure allowable deductions and reduce the burden of an IRS exam.

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