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**[This is part of a [series of articles](#) on protecting deductions for travel and entertainment (T&E) expenses.]**

Where the IRS is concerned, there's no such thing as a free lunch. However, your clients may be able to deduct costs of certain meals, including lunches, if they meet the tax law requirements. Generally, write-offs for such meals are limited to 50% of the cost, as is the case with entertainment expenses.

Business meals are deductible in two settings: (1) When you are traveling away from

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must be deducted as miscellaneous expenses subject to the usual 2%-of-AGI floor.

Under the basic rules for entertainment expenses, meals may be deducted only if they are “directly related to” or “associated with” your business. For instance, meals are directly related to your business when they take place in a clear business setting (e.g., lunch served in a hospitality room at a convention where business goodwill is created by displaying or discussing business products.) But entertainment associated with your business is more common. In this case, you can deduct meal expenses that follow or precede a “substantial business discussion.”

In Publication 463 (Travel, Entertainment and Gift Expenses), the IRS says that, “A business discussion will not be considered substantial unless you can show that you actively engaged in the discussion, meeting, negotiation, or other business transaction to get income or some other specific business benefit. The meeting does not have to be for any specified length of time, but you must show that the business discussion was substantial in relation to the meal or entertainment. It is not necessary that you devote more time to business than to entertainment. You do not have to discuss business during the meal or entertainment.”

A client of yours will usually qualify for deductions if the meal takes place on the same day as the substantial business discussion. If the business associate is from out of town, the meal may occur on the day before or after the business discussion.

These rules create some tax planning opportunities for your business clients. For instance, if a client coordinates meals with substantial business discussions, he or she can write off 50% of the cost of the applicable meals. In addition, if spouses or significant others are invited along, the costs attributable to them also count toward the 50% limit.

Finally, be aware that deductions aren't allowed for meals that are lavish or

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