

Blurb: What kinds of meals can I deduct from my taxes as a small business? We'll answer your questions on meals and coffees you can save tax money on later.

When can You Deduct a Business Meal as a Small Business Owner?

Ever been out to lunch or grabbing a coffee with a coworker and thought, *can I expense this to my business to deduct on my taxes later?* If you're not sure, well, the answer is "it depends."

Check out this guide to make sure you are 1) following the rules to protect yourself and 2) taking advantage of this special tax benefit whenever you can!

Deductible Business Meals

You can often deduct on meals or coffees directly related to your business. Here are some common heuristics:

1. If you are eating with a colleague, business associate, customer, or prospective client and you are discussing your business or theirs, you can put the meal on your business card
2. If you are traveling to visit a client, attending a conference, or any other travel for work, you can expense all meals or coffees as travel meals (even if you are solo!)

For example, if...

You are grabbing a coffee with a mentee where you are discussing issues they are facing with their business, that's a business expense!

You are buying a coffee or grabbing lunch while traveling for a conference, that's also a business expense!

Pro Tip: Keeping business and personal funds separate makes your life so much easier come tax season! Use a business card for business, and a personal card for personal use.

Non-deductible Business Meals

Meals that are not directly related to your business cannot be deducted, and should be categorized as personal. Here are examples of non-deductible meals:

1. Personal morning coffees and home lunches
2. Ordering lunch online for delivery while you are working at home
3. Celebratory meal with your partner/spouse after winning a big contract

What Records Do You Need to Keep?

It is best practice to keep detailed records for business deductible meals. Here's what you should document:

- **Date and Location:** Note when and where the meal took place.
- **Business Purpose:** Write down the reason for the meal and the business topics discussed.

- **Attendees:** Record the names of the people who were present and their relationship to your business.
- **Receipts:** Keep receipts or bills showing the cost of the meal.

Tax services like Soundboard can help you log these records and deduct them from your taxes in the case that the IRS requests proof for your deductions.

What does the IRS say about what makes a Business Meal Deductible?

1. **Business Purpose:** The meal must have a direct business purpose. This means you're discussing business with a client, customer, employee, or partner during the meal.
2. **Necessary and Ordinary Expense:** The meal must be both necessary and ordinary for your business. Necessary means it's helpful and appropriate, while ordinary means it's common and accepted in your industry.
3. **Not Lavish or Extravagant:** The cost should be reasonable. Lavish or extravagant meals are not deductible, even if they have a business purpose.
4. **Presence Requirement:** You or one of your employees must be present at the meal. Meals provided to clients or customers without you or an employee present are not deductible.

Conclusion

Deducting business meals can be a great way to save on your taxes. If you follow these considerations, you can quickly start adding up savings. If you're unsure about specific situations, consulting with a tax professional can provide personalized guidance and ensure you're following IRS rules. By understanding these guidelines, you can make the most of your business meal deductions and keep more money in your pocket!

Need more help with your small business's finances and entrepreneurial advice?

Talk to the team at [Soundboard](#), who specializes in bringing tax filing and financial peace of mind for solopreneurs and small business owners like you. We understand how much of a pain having to deal with self employment taxes are, and how much of a barrier finances can be to running your business the way you want to. We know you're busy - so leave the complicated tax stuff to us. Talk to the Soundboard team and find out how we can help you and your business thrive!

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