

## Does Current Tax Reform Kill Prospect and Client Meal Deductions?

Maybe... or maybe not.

During discussion when the 1986 Tax Reform Act was passed by the Senate, Barry Goldwater stood up and said, “Not one person in this chamber knows what we’re voting for tonight.” It took us over thirty years to figure out what was in that bill and some experts maintain no one ever figured out all of it. So how can we possibly expect to figure out what was intended in the recent overhaul of our tax system - which by the way, still doesn’t have a legal name?

There are still numerous details subject to interpretation. So we thought the families and businesses we work with would benefit from information gleaned from the various weekly updates that cross our desk:

Our first effort at offering an analysis is regarding the now infamous eradication of deductions for prospect and client meals. And here’s the updated strategy: deduct your client and business meals as if tax reform never took place.

Wow. Is this a bit aggressive? Not if:

- a) the IRS comes out with regulations that follows the model set by the American Institute of CPAs, or;
- b) the Joint Committee on Taxation, in its explanation of the Tax Cuts and Jobs Act (TCJA) states that client and business meals continue as deductions, or;
- c) Lawmakers enact a new tax code section that authorizes client and business meal deductions.

How big is the “if” in that if? We have some analyses that say business meals will be deductible for all of 2018. Bear in mind, however, that nothing is certain except the current uncertainty.

Let’s put it this way: if you do what you need to do to deduct the meals, then you are in a position to claim the business meals deduction when one of the above happens. So make sure you have your 2018 business meals documented as follows:

- The name of the person you had the meal with.
- The name of the restaurant where you had the meal.
- A short description of the business discussed.
- If the meal costs \$75 or more, keep the receipt that shows the name of the restaurant, number of people at the table, and itemized list of food and drink consumed.

Remember, you don’t have to do the job alone! We are here working to provide answers to any questions you have about the recent tax reform, tax planning or any of your Life Planning needs. We want you to *live Life on purpose!*