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This installment is devoted to treatment of meal expenses in business:

Both "meals" and "entertainment" have limitations for the amount that can be claimed as a business expense.

All meal expenses and entertainment expenses - incurred while traveling or otherwise - are to be claimed at the 50% rate. The claim can be 50% of the amount incurred or 50% of an amount that is "reasonable in the circumstances", whichever is less.

The 50% limitation applies when an employer reimburses an employee for meals "away from home".

The 50% rule applies to a convention where the meals are "included" and not itemized in the convention fees. Where meals are "included", one is to take \$50. a day from the convention fees for each day that meals are provided and then claim 50% of that for the meal expense.

Where an employer includes the travel meal allowance or reimbursement in the employee's income, the employer can claim 100% of the employee's meals (see also IT91R4 - Employment at Special Work Sites or Remote Work Locations):

**As per p. 16 of the T4002 BUSINESS AND PROFESSIONAL INCOME:**

**Line 8523 - Meals and entertainment**

The maximum part you can claim for food, beverages, and entertainment expenses is 50% of either the amount you incur or an amount that is reasonable in the circumstances, whichever is less.

These limits also apply to the cost of your meals when you travel or go to a convention, conference or similar event.

**As per p. 20 of the T4002 BUSINESS AND PROFESSIONAL INCOME:**

**Line 9200 - Travel**

You can deduct travel expenses you incur to earn business and professional income. Travel expenses include public transportation fares, hotel accommodations, and meals.

In most cases, the 50% limit applies to the cost of meals, beverages, and entertainment when you travel.

The 50% limit also applies to the cost of food and beverages served and entertainment enjoyed when you travel on an airplane, train, or bus when the ticket price does not include such amounts.

**As per p. 21 of the T4002 BUSINESS AND PROFESSIONAL INCOME:**

**Line 9270 - Other expenses**

Convention expenses

You can deduct the cost of going to a maximum of two conventions a year. The conventions have to:

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- relate to your business or professional activity; and
- be held by a business or professional organization within the geographical limits of where the sponsor of the convention usually does business.

Sometimes, convention fees include the cost of food, beverages, or entertainment. However, the convention organizer may not show these amounts separately on your bill. For each day the organizer provides food, beverages, or entertainment, subtract \$50 from the total convention fee. You can deduct this daily \$50 amount as a meal and entertainment expense. However, the 50% limit applies to the daily \$50 amount.

**As per p. 34 of the RC4070 GUIDE FOR CANADIAN SMALL BUSINESS:**

The 50% limit also applies to the cost of your meals when you travel or go to a convention, conference, or similar event.

**As per p. 3 of the IT-518R FOOD, BEVERAGES AND ENTERTAINMENT EXPENSES:**

Paragraph 67.1(2) (d) also provides that an employer is not subject to the 50% limitation on allowances or reimbursements for meal or entertainment expenses that have been included in an employee's income. However, when calculating employment income, the employee would be subject to the 50% limitation on any deduction of related amounts that might be available under subsection 8(1)... On the other hand, an employer is subject to the 50% limitation on a reasonable meal allowance that is paid to an employee for travel away from home, if that allowance is not included in the employee's income under paragraph 6(1) (b). Similarly, the 50% limitation applies to an overtime meal allowance or reimbursement paid by the employer, if the amount is not included in the employee's income.

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