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## **P.L. 115-97, Section 13304(b)**

### **Limitation on Deduction by Employers of Expenses for Fringe Benefits**

#### **(a) NO DEDUCTION ALLOWED FOR ENTERTAINMENT EXPENSES.—**

##### **(1) IN GENERAL.—**Section 274(a) is amended—

(A) in paragraph (1)(A), by striking “unless” and all that follows through “trade or business,”,

(B) by striking the flush sentence at the end of paragraph (1), and

(C) by striking paragraph (2)(C).

##### **(2) CONFORMING AMENDMENTS.—**

##### **(A) Section 274(d) is amended—**

(i) by striking paragraph (2) and redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively, and

(ii) in the flush text following paragraph (3) (as so redesignated)—

(I) by striking “, entertainment, amusement, recreation, or use of the facility or property,” in item (B), and

(II) by striking “(D) the business relationship to the taxpayer of persons entertained, using the facility or property, or receiving the gift” and inserting “(D) the business relationship to the taxpayer of the person receiving the benefit”,

(B) Section 274 is amended by striking subsection (l).

(C) Section 274(n) is amended by striking “AND ENTERTAINMENT” in the heading.

(D) Section 274(n)(1) is amended to read as follows: “(1) IN GENERAL.—The amount allowable as a deduction under this chapter for any expense for food or beverages shall not exceed 50 percent of the amount of such expense which would (but for this paragraph) be allowable as a deduction under this chapter.”.

(E) Section 274(n)(2) is amended—

(i) in subparagraph (B), by striking “in the case of an expense for food or beverages,”,

(ii) by striking subparagraph (C) and redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D), respectively,

(iii) by striking “of subparagraph (E)” the last sentence and inserting “of subparagraph (D)”, and

(iv) by striking “in subparagraph (D)” in the last sentence and inserting “in subparagraph (C)”.(F) Clause (iv) of section 7701(b)(5)(A) is amended to read as follows:“(iv) a professional athlete who is temporarily in the United States to compete in a sports event—“(I) which is organized for the primary purpose of benefiting an organization which is described in section 501(c)(3) and exempt from tax under section 501(a),“(II) all of the net proceeds of which are contributed to such organization, and,“(III) which utilizes volunteers for substantially all of the work performed in carrying out such event.”.

 (b) **ONLY 50 PERCENT OF EXPENSES FOR MEALS PROVIDED ON OR NEAR BUSINESS PREMISES ALLOWED AS DEDUCTION.**—Paragraph (2) of section 274(n), as amended by subsection (a), is amended—

(1) by striking subparagraph (B),

(2) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively,

(3) by striking “of subparagraph (D)” in the last sentence and inserting “of subparagraph (C)”, and

(4) by striking “in subparagraph (C)” in the last sentence and inserting “in subparagraph (B)”.

(c) **TREATMENT OF TRANSPORTATION BENEFITS.**—Section 274, as amended by subsection (a), is amended— (1) in subsection (a)—

(A) in the heading, by striking “OR RECREATION” and inserting “RECREATION, OR QUALIFIED TRANSPORTATION FRINGES”, and

(B) by adding at the end the following new paragraph: “(4) **QUALIFIED TRANSPORTATION FRINGES.**—No deduction shall be allowed under this chapter for the expense of any qualified transportation fringe (as defined in section 132(f)) provided to an employee of the taxpayer.”, and (2) by inserting after subsection (k) the following new subsection:“(l) **TRANSPORTATION AND COMMUTING BENEFITS.**—

“(1) **IN GENERAL.**—No deduction shall be allowed under this chapter for any expense incurred for providing any transportation, or any payment or reimbursement, to an employee of the taxpayer in connection with travel between the employee’s residence and place of employment, except as necessary for ensuring the safety of the employee.

“(2) **EXCEPTION.**—In the case of any qualified bicycle commuting

reimbursement (as described in section 132(f)(5)(F)), this subsection shall not apply for any amounts paid or incurred after December 31, 2017, and before January 1, 2026.’’.

(d) **ELIMINATION OF DEDUCTION FOR MEALS PROVIDED AT CONVENIENCE OF EMPLOYER.**—Section 274, as amended by subsection (c), is amended—

(1) by redesignating subsection (o) as subsection (p), and

(2) by inserting after subsection (n) the following new subsection:

“(o) **MEALS PROVIDED AT CONVENIENCE OF EMPLOYER.**—No deduction shall be allowed under this chapter for—

“(1) any expense for the operation of a facility described in section 132(e)(2), and any expense for food or beverages, including under section 132(e)(1), associated with such facility, or

“(2) any expense for meals described in section 119(a).”.

(e) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—Except as provided in paragraph (2), the amendments made by this section shall apply to amounts incurred or paid after December 31, 2017.

(2) **EFFECTIVE DATE FOR ELIMINATION OF DEDUCTION FOR MEALS PROVIDED AT CONVENIENCE OF EMPLOYER.**—The amendments made by subsection (d) shall apply to amounts incurred or paid after December 31, 2025.