

Key Tax Cuts and Jobs Act (TCJA) Changes to Fringe Benefits

Item	IRC Sec(s).	Effective Date	Prior Law	New Law
Entertainment Expenses	274(a)	Amounts paid or incurred after 2017	Entertainment expenses directly related to (or associated with) the active conduct of a trade or business generally were 50% deductible.	Deductions for entertainment expenses are disallowed [subject to certain exceptions included in IRC Sec. 274(e)].
Meals Furnished for the Convenience of the Employer	119, 274(n)(1), 274(o) (as effective January 1, 2026)	Amounts paid or incurred after 2017	An employer generally could deduct 100% of the costs of providing meals furnished to employees for its convenience, provided the meals could be excluded from the employee's gross income as a <i>de minimis</i> fringe benefit.	For tax years 2018–2025, an employer can deduct only 50% of the cost of meals provided for the convenience of the employer. However, if the meal costs are included in the employee's taxable income, the costs are 100% deductible to employer as a compensation expense. After 2025, no income tax deduction will be allowed for any expenses for meals provided for an employer's convenience under IRC Sec. 119.
Employer-operated Eating Facilities	132(e)(2), 274(o) (as effective January 1, 2026)	Amounts paid or incurred after 2017	An employer generally could deduct 100% of the cost of operating a qualified employer-operated eating facility for employees.	For tax years 2018–2025, an employer can deduct only 50% of the cost of operating an employer-operated eating facility for employees. After 2025, no income tax deduction will be allowed.
Qualified Moving Expense Reimbursements	132(g), 217(k)	2018–2025	An above-the-line deduction was allowed for an individual taxpayer on Form 1040 for certain residential moving expenses incurred in connection with the individual's work at a new principal place of work. Employer reimbursements to an employee for qualified moving expenses were nontaxable to the employee and deductible as a business expense by the employer.	The above-the-line deduction and the moving expense exclusion generally are suspended for tax years 2018–2025. Moving expenses reimbursed or paid by an employer during the suspension period must be included in the employee's taxable income. An exception applies to members of the Armed Forces on active duty (and their spouses and dependents) who move because of a permanent change of station.
Qualified Transportation Fringe Benefits	132(f)(8), 274(a)(4), and 274(l)	Amounts paid or incurred after 2017	An employer could deduct the costs of providing qualified transportation benefits to employees. Qualified transportation benefits included up to \$20 per month of qualified bicycle commuting expenses.	The exclusion for qualified bicycle commuting expenses is suspended for tax years 2018–2025. Employers that reimburse employees for such expenses must include those reimbursements in the employee's taxable income. For expenses paid or incurred after December 31, 2017, the employer's income tax deduction for providing qualified transportation benefits is repealed. Additionally, no deduction is allowed for any expense incurred for providing transportation, or any payment or reimbursement, to an employee in connection with travel between the employee's residence and place of employment, except as necessary for ensuring the safety of the employee. This includes amounts excluded from an employee's income through a pre-tax salary reduction arrangement. The employee's fringe benefit treatment is not changed.