

Business Meals and Snacks Under OB3: What Changes in 2026?

The One Big Beautiful Bill or **OB3**, signed into law on July 4, 2025, will introduce significant changes to the tax deductibility of meals starting in 2026.

Are client meals still going to be 50% deductible under OB3?

Yes! Meals with clients or prospects, as well as meals while traveling for business, will still be 50% deductible as long as the expense is ordinary and necessary; the taxpayer or employee is present; the meal is not lavish or extravagant; and, if there is entertainment coupled with a meal, the food must be invoiced separately from the entertainment.

What about company-wide events such as holiday parties or meals made available to the public—are they still deductible under OB3?

Yes! These types of expenditures are 100% deductible under OB3.

So what did OB3 change then?

Under OB3, meals provided in company cafeterias or on business premises for the convenience of the employer will no longer be deductible starting on January 1, 2026. There are a few instances where these meals will still be deductible, such as meals on certain commercial vessels and oil/gas rigs or meals provided on certain fishing boats and at certain fishing processing facilities, and businesses that primarily sell food and beverages to customers can still deduct the cost of free meals provided to their on-shift workers, but the rest of the employers are out of luck and will not be able to deduct the cost of meals provided to employees.

What about breakroom drinks and snacks?

Under OB3, it is this author's understanding that these too will be 0% deductible, unless the drinks and snacks are "occasional" or "infrequent." However, some practitioners believe that these "less than full meals," or snacks, fall under the "de minimis" rule (i.e., benefits that are impractical to track and do not significantly increase an employee's taxable income) that would allow these snacks to still be 50% deductible under OB3. It is unclear what was intended regarding coffee, donuts, and soft drinks. Because of the ambiguity, more guidance is needed from the Treasury on this issue.

As always, your trusted Fiske Advisor will update you as soon as the Treasury releases additional guidance.