



Deductible Meal and Entertainment Expenses (As per CRA)

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When you're running a business in Canada, every dollar counts. That includes keeping track of your expenses – especially meals and entertainment, which can add up quickly. But how much of these costs can you actually deduct at tax time?

Let's break down the rules surrounding **deductible meal and entertainment expenses**, as outlined by the **Canada Revenue Agency (CRA)**, so you can stay compliant and save money.

❑ What Are Meal and Entertainment Expenses?

Meal and entertainment expenses include costs incurred to **entertain clients, customers, or employees**. These can include:

- Meals at restaurants
- Tickets to events (concerts, sports games)
- Cruises or trips
- Hotel rooms for entertainment purposes
- Use of a facility (like a box at a stadium)

However, **not all these expenses are fully deductible** – and some not at all.

✔ What Is Deductible?

Generally, you can **deduct 50%** of eligible meal and entertainment expenses if they are **incurred to earn business income**.

CRA Accepts the 50% Deduction Rule When:

- You dine with a client to discuss business
- You host a business meeting over lunch
- You attend a conference with meals included
- You entertain a potential business partner



Example:

You spend \$200 on a dinner with a client.

You can deduct **\$100 (50%)** on your tax return.

✘ What's Not Deductible?

Some expenses are **entirely non-deductible**, even if they involve meals or entertainment. These include:

- Club membership fees (golf, fitness, or dining clubs)
 - Season tickets to sports events (if not directly related to business)
 - Meal costs for non-business-related gatherings
 - Lavish or extravagant expenses (deemed unreasonable by CRA)
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📁 Exceptions to the 50% Rule – When You Can Deduct 100%

There are a few situations where **100% of the expense may be deductible**, including:

- Meals provided to all employees at a remote work site or special work location
 - Events where **all employees are invited** (e.g., holiday party, annual picnic) – up to 6 events per year
 - Meals included in the cost of a **conference or seminar** (if attendance is for at least 30 days or primarily work-related)
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📁 Record Keeping: What CRA Wants to See

Good documentation is essential in case CRA reviews your claims. Keep the following:

- **Receipts or invoices**
- **Date and location** of the meal or event
- **Name and business relationship** of the person(s) entertained
- **Purpose** of the expense (e.g., discussed Q4 sales strategy)

Pro tip: Write these details on the back of the receipt right after the meeting.



Special Rules for Self-Employed Individuals & Incorporated Businesses

Both sole proprietors and corporations can deduct meal and entertainment expenses, but:

- **Self-employed** must report it under business income
- **Corporations** can deduct it on their corporate tax return
- In both cases, proper receipts and justification are crucial

Final Thoughts

Meal and entertainment expenses are a legitimate part of doing business – and the CRA recognizes that. But it's essential to follow the 50% rule and know the exceptions. By keeping detailed records and understanding what's allowed, you can enjoy the benefits without fear of penalties.

If you're unsure about how these rules apply to your business, **consult a qualified tax professional** to ensure you're not leaving money on the table – or inviting an audit.

Quick Summary:

Expense Type	Deductible Amount	Notes
Business meals with clients	50%	Must be for earning income
Staff parties (up to 6/year)	100%	All employees must be invited
Meals at conferences	100%	If included in registration
Club memberships	0%	Not deductible at all
Travel meals (within reason)	50%	Must relate to business travel

Need Help With Tax Planning?

Reach out to 647-483-0975 or Visit us at [Allgoodaccounting.ca](https://www.allgoodaccounting.ca) for professional advice on tax deductions, bookkeeping, and CRA compliance. We're here to help Canadian businesses thrive – one smart deduction at a time.