

## When is restaurant expenditure deductible?

A business lunch is an excellent occasion to negotiate a difficult contract. The restaurant expenditure is however only partially deductible. Hereafter we briefly remind you of the applicable rules.

### 69% limit

The deduction of professional restaurant expenditure is limited to 69%.

### When and with who?

Only **restaurant expenditure with a professional character** is deductible. Do you have a private diner party, then you cannot deduct these costs. In this case the general rule applies that only costs which are made in order to obtain or keep professional income are deductible.

This means when you go out to eat and with whom will influence the deductibility:

- **Who:** a diner with your family normally has a private character, notwithstanding the fact that it is not excluded that you do business with family members. You cannot deduct these expenses. The tax authorities are quite strict in this respect: if you have a business diner whereby your business relations bring their partner, there is a big chance that the tax authorities will not accept at least part of the expenses.
- **When:** the tax authorities consider that business lunches take place during the week. Do you have a (business) meal during the weekend, the tax authorities will assume it is a private meal in the end.

But where you go to eat should in principle make no difference. The amount of the bill is in principle not relevant: you can as well go to a sandwich bar as to a star-restaurant. The price only becomes a problem when it really becomes excessive. After all the tax authorities do not accept expenses which reasonably exceed the professional needs. When such expenses are to be considered unreasonably, remains a question of fact. A somewhat exaggerated example: if you have an annual taxable income of 15.000 euro and you want to deduct 4.000 restaurant expenses.

### Not black or white

The discussion is not black or white. In practice there is always interpretation. So try to convince your tax inspector with the necessary documents that your restaurant visit indeed had a professional character. In case it doesn't work, submit your case to the courts.

### Exception for agents in the food sector

Restaurant expenditure of agents in the food sector are fully deductible. The tax authorities apply a strict interpretation of this exception: only who sells products for human consumption qualifies. Do not fall within the scope: salesmen of dinnerware, kitchen machines, tobacco products and pet food.

## A last word on VAT

VAT on restaurant expenditure is not deductible. This is partially compensated since you can deduct 69% of the restaurant expenditure, VAT inclusive, for income tax purposes.