

Four "did you know that's" on restaurant expenditure

Restaurant expenditure is deductible for income tax purposes for only 69%, provided it has a professional character. This means that these expenses should relate to your profession. This is the case when you go out for lunch with a (potential) client or a supplier. The exact appreciation depends on the factual circumstances. Below we give some elements which can be taken into account when making this assessment.

We deduct these trends from the case law. Note that there will still be room for appreciation: what is accepted by one judge, is not automatically acceptable for another.

Did you know that ... where, when and with whom you go out to eat can be relevant?

In order to determine whether the restaurant visit has a professional character, the time and company can be relevant. In some cases the location can also be taken into account.

When?

Generally speaking the tax inspectors are quite reluctant to restaurant expenditure made during the weekend. You are deemed not to be working at that time. The tax authorities will presume that it concerns a private dinner.

With whom?

Also your dinner company will be taken into account for the assessment. It goes without saying that a romantic candle light dinner with your wife for your marriage anniversary is not deductible from a tax perspective.

But the tax authorities even go further: family dinners are also deemed to be private. Even though it is not excluded that you do business with family members.

Moreover: when you have a business dinner and your invitees bring their partner, it is likely that the tax authorities will not accept part of the expenditure.

Did you know that ... the price of the dinner is in principle not relevant?

The professional part of the restaurant expenditure is in principle not determined by the amount of the bill. It doesn't matter whether you go to a bistro or a star restaurant.

Watch out: the price of the dinner does not determine whether it has a professional character or not, although the tax authorities still have a big stick. The tax authorities can invoke that the restaurant expenditure is not deductible since it unreasonably exceeds the business needs. These unreasonable costs will also not be deductible. Whether the expenditure is unreasonable again depends on the situation: if you declare an annual income of 10.000€ and you want to deduct 3.000€ as restaurant expenditure, this will ring a bell with the tax inspector.

Did you know that ... for salesmen in the food industry a special regime exists?

For salesmen in the food industry an exception applies: their restaurant expenditure is fully deductible when they dine with a business relative. This exception is subject to strict interpretation. This means that it will only apply to salesmen of products for human consumption. Salesmen in dinner sets, kitchen machines, tobacco, pet food and e.g. do not fall within this exception. For them the deductibility is limited to 69%.

Did you know that ... VAT on restaurant expenditure is never deductible?

You can never recuperate the VAT on your restaurant receipt. Even when you are a full VAT payer with 100% right to deduct VAT. Contrary to direct tax purposes where you have limited deduction (69%) you do not have any deduction right here. This leads to a supplementary 'cost'.

You can partially compensate this cost: you can deduct the VAT as a cost for income tax purposes (however still subject to the deduction limitation of 69%).

Example

You receive a bill of 150€ + 18€ VAT. We consider that 12% VAT is charged, while in practice 21% will be charged on drinks. This 18€ is not deductible. But for income tax purposes you can deduct 69% of 168€ (restaurant expenditure VAT inclusive) = 115,92€.