

IRS Targeting Subsidized Meals As Taxable Income in Audits

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Subsidized employee meals are among current targets of Internal Revenue Service audits, *BusinessBrief.com* reports.

Meals provided to employees for the company's convenience on its premises are not considered taxable income to the employees, IRS Publication 15-B says.

However, when employees have other alternatives, such as nearby restaurants, and they pay for their meals, as in most company cafes, the cost of the dining service in excess of revenue is considered taxable compensation to the employee.

In determining the subsidy, past IRS audits of Clarion clients have considered only the cost of food and on-site labor compared to revenue and excluded fringe benefits, other costs or the food service contractor's fees.