



WATCH WHAT YOU EAT AND HOW IT'S CLASSIFIED

By Martin L. Kerr

Through the Tax Cuts and Jobs Act of 2017, Congress has made significant changes to whether taxpayers may deduct expenses relating to business meals and entertainment, starting in 2018. Under prior law, 50% of entertainment expenses were deductible, and meals were potentially 100% deductible. Now, entertainment expenses are no longer deductible, and most meals are only deductible at a rate of 50%.

As relates to entertainment and business meal expenses, several of the major changes include:

Meals with clients, employees, and/or while traveling

In order for meals to be considered 50% deductible, business must be discussed during the meal. If no business is discussed, the meal is not deductible for tax purposes.

Appreciation/Recognition meals

Company events, such as holiday parties, birthday and anniversary celebrations, picnics, etc. are still deductible.

Entertainment

No deductions are permitted for entertainment, amusement, or recreation expenses. This includes tickets to high school or college sporting events, leased skyboxes, loges, etc. for sporting events, transportation to/from sporting events, cover charges, taxes, tips and parking for entertainment events. However, food provided during these activities may be 50% deductible provided, again, that business is discussed.

Because it is anticipated that the IRS will heavily scrutinized these deductions, it is important that businesses exercise caution in carefully classifying these expenses. While these changes may impact the way businesses look at entertaining clients, there are ways to minimize the overall effect without making clients feel unappreciated.

If you have any questions related to deducting meal or entertainment expenses, please contact Martin L. Kerr at MLKerr@wegmanlaw.com.



DO YOUR SMART DEVICES MAKE YOU VULNERABLE TO DATA BREACHES?

By Aaron A. Hessler

Smart devices have created some of the most pressing issues currently facing the cybersecurity of both individuals and companies. Smart devices are everyday objects that communicate with each other and connect to the internet. For instance, there are washing machines that may be started and monitored remotely; refrigerators with cameras that can text pictures of what's inside to their owners; Fitbits that track heart rates, sleeping patterns, and blood pressure; and thermostats, light switches, and door locks that can be managed through other smart devices such as mobile phones and smart speakers (e.g. Amazon's Alexa).

The examples above are just the beginning. Product manufacturers are increasingly incorporating "smart" technology into consumer products. While smart devices are becoming readily available and, no doubt, making our lives a little easier, they also create new entry points for cyber criminals. In the past, cyber criminals could only access private information through computers. Now, sophisticated cyber criminals may be able to gain access to entire networks through smart devices. For example, in 2015, security experts discovered a software vulnerability in Chrysler's U-connect dashboard computer and

through a demonstration wirelessly hacked into a vehicle's system taking over dashboard functions, steering, transmission, and brakes. As a result of the demonstration, Chrysler issued a formal recall of 1.4 million vehicles.

Vulnerabilities in smart devices make the news all too often. For example, earlier this year, a now-corrected vulnerability in Apple's Group FaceTime feature in its iPhones, iPads, and Mac computers allowed Group FaceTime callers to listen through other users' devices even if the recipient did not actually answer the call. Because of their vulnerabilities, it is only a matter of time until data breaches take place through smart devices.

While preventing all data breaches is impossible, businesses and individuals can take proactive steps to protect themselves and create plans for dealing with data breaches if the worst happens.

If you have any questions or would like guidance in protecting yourself or your company from data breaches, please contact Angela M. Lavin at AMLavin@wegmanlaw.com.

Notable News

Wegman Hessler welcomes attorneys **Arthur Lundberg**, **Nicole Bush**, and **Matthew Clapper** to the Firm.

Arthur Lundberg has joined the Firm's Corporate and Business Services Department as a Partner; **Nicole Bush** has joined the Domestic Relations and Family Law Department as an associate; and **Matthew Clapper** has joined the Intellectual Property Practice Area as an associate.