

THE *Hollywood* **STAR**

January 10, 2018

Globes Glam!

*12 pages of parties and
all-black carpet looks*

The Trump Book Everyone's Talking About

BY MICHAEL WOLFF

Wellness '18

*• Lara Croft's workout
• An agent's vow of
silence (finally!)*

RONAN FARROW

The Prince Who Torched the Castle

*What's next for the son of Hollywood who helped
bring down Weinstein and launch a movement*

+New Year...New Town
Time's Up and decoding the #MeToo economy now



Your Power Lunch Just Got a Lot More Expensive

As the Trump tax law goes into effect, deductions for business dining, Soho House memberships and Lakers games are (probably) going away **BY ASHLEY CULLINS**

An agent and a director meet for a meal at a Canon Drive hotspot to discuss a budding star's potential role in an upcoming blockbuster. Such power lunches are business as usual in Hollywood — but now, thanks to the new federal tax law, whoever picks up the tab may pay much more than he or she used to.

Before Jan. 1, companies and individuals could deduct 50 percent of the eligible entertainment

expenses that they racked up dining and current or potential business partners. But that deduction was eliminated in the plan signed by **President Trump**. (The Joint Committee on Taxation estimates the change will bring in \$23.5 billion in tax revenue over the next decade.)

The IRS defines entertainment as “any activity generally considered to provide entertainment, amusement, or recreation,

and includes meals provided to a customer or client.” The new law also ends the deduction for dues to social, athletic or sporting clubs — even if the membership is used primarily in furtherance of the taxpayer’s business. That means no deductions for Staples Center boxes or Soho House memberships. But industry experts say it’s unclear what the showbiz impact will be.

“It raises more questions than it answers,” says business manager **Matthew Burke** of the change, explaining that it likely was a result of the IRS having difficulty drawing a line between personal and business entertainment.

Awards-season soirees could be affected, too, depending on whether lawyers and accountants can finesse the expenses into other categories. Premiere parties seem like a logical fit to qualify as a “promotional” expense, but some events would be a harder sell to the IRS. “People are going to be really careful if they’re budgeting an Emmys party or a wrap party,” says Burke. “They’re not going to get the same deduction they used to get.”

The goodwill or business gained from a star-studded party could well outweigh the tax hit, and studios might not see their

bottom lines affected since the corporate tax rate is dropping from 35 percent to 21 percent.

“It may be that the lower tax rate will offset the loss of this deduction,” says business manager **Rick Shephard**, noting that the change, like much of the new law, is more likely to negatively affect individuals and small businesses in the entertainment industry.

Shephard says it’s not unusual for a Hollywood professional (especially talent reps like agents and managers) to rack up \$10,000 to \$20,000 in entertainment expenses in a year, with a dozen-person production or development company spending closer to \$60,000. Complicating matters, there’s currently no official draft of the tax code that incorporates the recent changes — leaving the experts flipping back and forth between the old rules and the new law.

Local restaurateurs don’t seem worried about the business effect. “I haven’t heard any concerns from our clients,” says **Jannis Swerman**, a publicist who represents such hotspots as Tavern, Toscana and A.O.C. Adds hotelier **Jeff Klein**, whose West Hollywood hotel is home to the Tower Bar, “I assume most people who come here don’t write off their meals anyway.” **VIZ**

E! News Meets Harsh Red Carpet Glare

As Catt Sadler exits, the network retools TV events coverage **BY CHRIS GARDNER**

E! News is being whiplashed by changing red carpet norms. After a Jan. 7 Instagram call-out by **Amy Schumer**, actresses **Debra Messing**, **Natalie Portman** and **Eva Longoria** used pre-Golden Globes airtime on E! to bring attention to former network host **Catt Sadler**’s claim of a “mas- sive” pay disparity between her and colleague **Jason Kennedy**.

Sadler’s exit has put E! in the ironic position of seeing its personalities become the story. Sadler, 43, is the latest in a string of high-profile hosts who have left the network in the past two years. In 2015, **Giuliana Rancic** stepped down from day-to-day duties at *E! News* after more than a decade (but still appears on specials), and she has been



Sadler

followed out the door by **Terrence Jenkins** and **Maria Menounos**.

E! doesn’t break out ratings for *E! News* but in 2017, E!’s total viewership was down 15 percent to an average 465,000 in primetime, while

viewership among adults was down 18 percent to an average of 249,000 in primetime. Ratings are only one metric, as the network touts that it gets more than 700 million monthly engagements across all social platforms.

Frances Berwick, NBCU president of Lifestyle Networks, said Jan. 9 that Sadler and Kennedy had “different roles and therefore different salaries,” and hosts are paid “based on their



Messing (left) told Rancic she was “shocked” to hear about Sadler’s *E! News* pay disparity. **VIZ**

roles and expertise, regardless of gender.” **Zuri Hall** and **Sibley Scoles** as well as **Liz Hernandez** of *Access Hollywood* have been filling in and are expected to get more airtime. Sadler’s shoes may not be filled by another high-profile host. “Hosts don’t bring ratings to these type of shows,” says a company source. “That’s a very old-school mentality.” **VIZ**