

Conventions in the United States

Generally, expenses paid or incurred by a taxpayer in attending a convention or other meeting may be deductible, subject to the same rules as other business travel. The deductibility of expenses for attending conventions depends on the existence of a sufficient relationship between the taxpayer's trade or business and attendance at the convention. The test is met if the agenda of the convention or meeting has a **legitimate relationship** to the taxpayer's trade or business.

A convention sponsored by the taxpayer's business or professional organization would generally satisfy both the business travel and the agenda rule. For example, the taxpayer, a lawyer with a local practice, was denied a deduction for attending an international law convention, because attendance at the convention was not linked to the **expectation of some financial benefit**. It is more difficult, as a practical matter, to prove a business purpose for convention expenses at a resort.

If the business relationship test is established by reason of the conference agenda, the taxpayer must still demonstrate that the **trip was primarily for business**. The Court considered four factors in determining whether a convention trip was motivated primarily for business or for pleasure (the court stressed the first two of these factors).

- The amount of time devoted to business at the convention in comparison to the time directed to recreational and social activities.
- The location of the conference site.
- The view of the company toward the trip as primarily pleasure or primarily business.
- Whether the employee was compelled to attend the convention by the employer.

In applying these factors, the court found that the primary purpose of the trip was pleasure. More time was spent on sightseeing tours than in business meetings, the taxpayer's employer sponsored the convention, its only participants were the taxpayer's co-employees, and the convention was held at a resort hotel. In addition, it was the company's **attitude that the trip was primarily devoted to pleasure**, and it sought to convey this impression to the participants.

*This information should be used as a guideline. Specific questions regarding this "Biz Facts" should be directed to a Business by Design tax professional.