

Travel Expenses In General

Travel expenses include travel fares, meals and lodging, and expenses incident to travel such as expenses for sample rooms, telephone and telegraph, public stenographers, etc. Only such traveling expenses as are ***reasonable and necessary in the conduct of the taxpayer's business and directly attributable to it may be deducted.***

The amount of time during the period of the trip which is spent on ***personal activity*** compared to the amount of time spent on activities ***directly relating*** to the taxpayer's trade or business is an important factor in determining whether the trip is primarily personal.

For Example:

A taxpayer spends one week while at a destination on activities which are directly related to his trade or business and subsequently spends an additional five weeks for vacation or other personal activities, the trip will be considered primarily personal in nature in the absence of a clear showing to the contrary.

Where the taxpayer's spouse or other family accompanies him on a business trip, expenses attributable to their travel are not deductible unless it can be adequately shown that the spouse's presence on the trip has a bona fide business purpose. A performance of some incidental service does not cause her expenses to qualify.

If a business trip is extended an extra day to take advantage of a reduced airfare, the additional expenses for meals lodging are deductible per Letter Ruling 9237014. The IRS reasons that the stay over has a business purpose-to reduce travel costs.

If the convention is for political, social or other purposes unrelated to the taxpayer's trade or business, the expenses are not deductible.

It is the position of the Internal Revenue Service that the test for allowance of deductions for convention expenses is met if the agenda of the convention or other meeting is ***so related to the taxpayer's position*** as to show that attendance was for business purposes.

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