

Business Travel

Travel expenses incurred by a taxpayer who is away from his/her tax home overnight for **business purposes**.

The **purpose** of the trip is the key.



Travel expenses include:

- Travel to and from the business destination by air, bus, train, or car.
- Transportation at the business destination by auto, cab, or public transit.
- Meals and lodging at the business destination including tips.
- Other ordinary and necessary living expenses related to the trip such as laundry or dry cleaning.

Domestic travel rules:

- If the primary purpose of the trip is business, then the round trip transportation is fully deductible.
- The cost of lodging, meals (half of the cost), and incidentals on the days while conducting business is deductible. If a Saturday night stay over produces a cheaper trip, weekend expenses are considered for business.
- Do not include the expenses of a companion unless he/she is an employee performing business functions. Deduct only your expenses and the single occupancy rate for lodging.
- If the primary purpose of your trip is personal, you can not deduct round trip transportation. It's all or none- (business purpose is deductible while personal purpose is not).
- If the purpose of the trip is personal, but some business is conducted, the cost of meals (half of the cost), lodging, and incidentals on the days that were primarily for business can be deducted as well as the cost of attendance at business events.

Foreign travel rules:

- The deductible amount, if the primary purpose of a foreign trip is business, is total costs prorated by the number of business days compared to total trip days, unless the trip does not exceed one week or less than 25% of the time outside the US is for non business activity.
- Expenses incurred on a foreign trip for personal purposes are not deductible, but costs incurred with a direct business purpose, such as registration fees, may be deducted.
- The deduction for attending a business meeting on a cruise ship is limited to \$2,000.

Documentation is important:

In all cases, the purpose of the trip is key and the time spent on business is a major factor. If you want to deduct your trip, document it with all of the business related evidence you can gather:

- Keep a log of your trip.
- Save brochures, attendance records, notes taken, and handouts if you are at a meeting.
- Write a summary journal of the benefits obtained by your business trip and how you intend to apply them.