

Business: Travel & Entertainment

May I deduct meal expenses when visiting clients out of the office?

That is not common. Normally, you can only deduct the cost of a meal when away on a business-related trip or gone overnight. Only 50% of the cost of the meal including the tip is allowed in the deduction.

Do I need to report employer reimbursements for travel, entertainment and meals?

If you give back any excess reimbursement, provide your employer with a detailed expense report and meet other requirements. There is no need to report the reimbursement or to deduct the expenses.

Deduction limits are obligatory for your boss, not you, and the limit of 2% on miscellaneous item deductions will not have an effect on your entertainment, travel and meal costs.

Are there limits on deductible entertainment, travel and meal costs?

Although there is no specific dollar limit, expenses should be ordinary and necessary and not over-generous. The deduction cannot exceed 50% of the cost of business entertainment and meals. For skyboxes and luxury water travel, there are other specific limitations.

May I deduct living expenses while away from home on temporary assignment?

Because temporary work site living expenses are separate from home travel expenses, they may be deducted. An assignment that is not expected to last more than a year is considered temporary. If the assignment is for more than one year than the new area becomes your tax home and you can't deduct expenses as away-from-home travel.

Which expenses are deductible when I am traveling away from home?

There is a broad range of expenses that you can deduct while traveling. The most common are as follows:

- Accommodation and meals (where there is a 50% limit on meals)
- Transportation fees or actual costs at a per-mile rate for using your own vehicle. The transportation costs also include getting around in the work area, commuting to and from hotels, restaurants, offices, terminals, etc.
- Phone, fax, laundry, baggage handling
- Any tips related to the above

Are there travel expenses that cannot be deducted?

The travel expenses below cannot be deducted:

- Travel as education
- Looking for a new job in a different field or for a new business site
- The cost of transportation between your home and the work site unless your home is your business headquarters.

Business entertainment - what can I deduct?

The conditions and limitations for business and entertainment deductions are the following:

- A business discussion should be held before, during or after the entertainment.
- Usually, the deduction is limited to 50% of the cost for entertainment and meals.
- In settings where spousal attendance is customary, expenses of spouses of business associates (and your own spouse) can be included in the deduction.
- There are more limitations for club dues, entertainment facilities and skyboxes.

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