

# Get summer tax break for biz travel

Do you need a break from your busy schedule? There may be a way to take off this summer and have your business deduct the lion's share of the cost.

**Strategy:** Combine a business excursion with a mini-vacation. For instance, if you're traveling to a place for business where you would enjoy spending some down time, tack a few extra days on the end of the business trip. The entire cost of the transportation—both coming and going—is fully tax deductible.

However, you're eligible for this special tax break only if you meet certain tax law requirements. Otherwise, you're traveling on your own dime.

*Here's the whole story:* If the primary purpose of the trip is business related, you can deduct 100% of your transportation expenses within U.S. borders. (Special rules apply to foreign travel.) This includes the cost of airfare and travel to and from the airport. The same basic rules apply if you travel by rail, bus or car.

On the other hand, if a vacation is the prime motivation for the excursion, you can't deduct a single penny of your travel costs.

To prove that a trip is being made primarily for business reasons, you must show that the number of days spent on business clearly exceeds the number of personal days.

*Tax loophole:* Under the IRS rules for allocating business and personal days, any day spent traveling counts as a business day. What's more, you can also include any weekends and holidays falling between business days if it would be impractical to return home on those days. In addition, "stand-by days"—when you're required to stick around in case you're needed for a legitimate business purpose—count as business days whether or not you actually turn out to work those days.

**Example:** Let's say you leave for a cross-country business trip on Tuesday. You spend Wednesday through Friday in business meetings. Then you relax and play golf on Saturday and Sunday before wrapping up the deal on Monday. Finally, after spending some personal time sightseeing on Tuesday, you fly home on Wednesday. Thus, you're officially away from home for nine days.

The weekend days count as business days because it would have been impractical for you to have flown home and back again. Because you spent a total of eight days on business—two traveling, three in meetings, the two weekend days and one finalizing the deal—you can deduct the entire cost of your airfare, all of the hotel stay except for one personal day and 50% of your meal costs on the business days (*see box below*).

Of course, you normally can't deduct any of your golfing or sightseeing costs. Those are personal expenses.

**Tip:** If your spouse accompanies you on the trip, you can deduct the cost of your hotel room for a single, even if a double is less than double the cost of a single room.

## Slice and dice meal deductions

The new Tax Cuts and Jobs Act (TCJA) eliminates the deduction for most business-related entertainment expenses.

**Alert:** It's still open to interpretation, but the general view is that the repeal doesn't affect deductions for meals while you're traveling away from home on business.

Under prior law, you could deduct 50% of your qualified business entertainment and meal expenses. For example, you might deduct 50% of the cost of a meal with clients that immediately preceded or followed a substantial business discussion.

The TCJA generally wipes out these deductions, beginning in 2018. But some tax experts believe that deductions are still available if business is conducted during the meal. In any event, make sure that expenses are properly allocated in your records.

**Tip:** The IRS is expected to issue guidance on the treatment of business-related meal expenses soon.