

A collage of travel-related items including a map, a compass, a camera, a watch, sunglasses, and money. The background is a vintage-style map with various geographical labels like 'Greenland Sea', 'North Atlantic Ocean', and 'South Africa'. A white compass is in the top left, a vintage camera is in the top right, a watch with a brown leather strap is in the bottom center, and several 100 Euro banknotes are in the bottom left. A pair of sunglasses is on the left side, and a textured bag is on the right side.

WRITING OFF BUSINESS TRAVEL 101

DENNISON BOOKKEEPING SERVICES

HEY, IT'S CHEREÉ!

Just because you check a few emails on vacation doesn't automatically make your trip to Hawaii a write-off...so I'm diving into what you *do* need to document to keep the IRS happy for business travel deductions.

Plus, what about when you bring your spouse along to your work conference? Or if you take a few personal days to enjoy some time off?

Keep reading, and I promise I'll cover all your burning business travel questions!

NOTE: *This guide is for educational purposes and is not intended as tax advice. Please consult your tax accountant regarding your specific travel deductions.*



WHAT IS BUSINESS TRAVEL?

The IRS considers business travel to be when you've traveled away from your **tax home** for substantially **longer than a normal workday**, and you needed to **sleep (or rest)** while you were there.

Driving across town might give you a deduction for your mileage, but to the IRS, you're probably not leaving your tax home! The IRS considers your **tax home** to be the general area of your main place of business, even if it's different from the city you live in.

Traveling away from your house isn't the test for business travel; traveling away from your tax home *is*.

For example, if you normally conduct all of your business in Seattle but live in Bellevue, Seattle would be your tax home.

Now, let's talk about what you *can* write off!



WHAT ARE TRAVEL WRITE-OFFS?

Once you've determined your trip qualifies as business travel, you may be able to deduct ordinary + necessary (*and not lavish or extravagant*) expenses like:

- Hotels, Airbnbs, other lodging
- Plane, train, bus tickets
- Taxis, rideshares
- Baggage fees
- Parking fees
- Meals*

What people get wrong:

Even if your trip isn't 100% business, these expenses must be connected to a business purpose to be deductible. Flying to a week-long vacation where you'll have a single business lunch? That airfare probably *isn't* deductible.



MEALS & PER DIEMS

For meals on **qualifying business travel**, they're still just 50% deductible (*I fear the 100% deductible rule from a few years ago is still floating around out there, which is why you need to be working with a qualified tax professional*).

When you're traveling, you can choose how to handle your meals: **actual meal costs or per diem (M&IE)**.

Actual meal costs: This is exactly what it sounds like! You track what you spent on meals, beverages, tax, and tips while traveling.

Per diem (or standard meal allowance): You'll use the federal MI&E (meals and incidental expenses) rate for the location you're traveling to. Any lodging costs will still need to be tracked separately from your per diem.

If you're using the standard meal allowance, you can only use 75% of the MI&E rate on your first and last day of travel. That amount is still subject to the 50% meals deduction.

Whichever method you choose, it's always best practice to document the time, place, business purpose, and business relationship (*if a guest is involved*).

RECORDKEEPING RULES

Just like other business expenses, the IRS needs you to keep adequate records of your business travel. Record the amount, time, place, and business purpose of each of your travel expenses as close to the time you incurred these expenses as possible (*not months later*).

What I'd recommend saving:

- Receipts from your travel
- Hotel booking confirmations
- Conference agendas/registrations
- Notes on business purpose
- Itinerary showing what days were business vs. personal
- Mileage logs (if you drove)

Personally, I like to create one Google Drive folder per trip and save everything in there!

A vintage-style map of Africa is the background for the page. A pocket watch with a brown leather strap is overlaid on the bottom left corner of the map. The watch face is visible, showing the numbers 1 through 12. The map shows various African countries, including Algeria, Libya, Tunisia, Egypt, Sudan, Ethiopia, Kenya, Tanzania, Zanzibar, Mozambique, Zimbabwe, Botswana, Namibia, South Africa, and Swaziland. Major cities like Cairo, Lagos, Nairobi, and Johannesburg are marked. The map also shows the Mediterranean Sea, Red Sea, Indian Ocean, and the Gulf of Guinea. The title 'BRINGING YOUR SPOUSE' is centered at the top in a large, black, serif font, enclosed in a blue-bordered box.

BRINGING YOUR SPOUSE

If you're bringing your spouse or other family members on a business trip, please don't assume you can automatically write off all of their expenses too!

You can only deduct their travel expenses if you can answer yes to **ALL** of these questions:

- Are they your *employee*?
- Do they have a bona fide business reason to be on this trip?
- If they were traveling alone, would their expenses otherwise be deductible?

If you don't pass all three of those tests, what happens if they come along anyway? Your portion of the trip may still be deductible, but any *additional* costs attributable to the other person(s) may not be. For example, a shared hotel room may still be deductible, but an additional plane ticket usually wouldn't be!



A FEW OTHER CONSIDERATIONS:

Traveling for > 1 year? If you're on a work assignment that's realistically expected to last for longer than a year, this is considered indefinite, and the usual business travel write-off rules don't apply.

Personal days? If your trip is primarily for business, you can generally deduct travel to your destination. If your trip is primarily personal, only qualifying expenses *directly* tied to your business activities may be deductible.

Weekends? If you're conducting business on a Friday and the following Monday, the weekend between usually counts as business if it's reasonable to not travel back home. If your last business activity is on a Friday and you remain at your destination on Saturday for personal reasons, it's a non-business day.

International travel? Rules are a bit stricter; check with your accountant!



LET'S CONNECT!

I'm passionate about helping small business owners understand their numbers through monthly bookkeeping, increase profits and streamline business processes, and lower their tax liabilities.

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