

Combine Business, Pleasure and Tax Breaks on Summer Trips

Do you plan on mixing pleasure with business on a trip this summer? There is no problem from a tax perspective as long as you follow a basic precept: The primary purpose of the travel must be business-related. Otherwise, you will forfeit valuable tax deductions.

On the other hand, if you stick to the tax itinerary, you can write off most of your travel costs - even though you are spending part of the time on personal pursuits. The key is to record significantly more "business days" than "personal days" on the trip.

Example: John Green, a self-employed individual, flies cross-country on Monday to make a presentation to a client. He is in business meetings Tuesday through Thursday. On Friday, the client inks the deal. John decides to spend the weekend playing golf and lounging by the pool. He flies home the following Monday.

The round-trip airfare costs John \$1,500. He also incurs \$1,400 in lodging (\$200 a day) and \$800 in meals (\$100 a day) during his eight-day trip.

On these facts, John spends six days on business - the two days traveling count as business days - and only two days on pleasure. Thus the trip qualifies as business-related travel. He can deduct the entire airfare as well as five days' lodging and 50% of the meals attributable to his business stay. Result: John deducts a total of \$2,800 (\$1,500 airfare, \$1,000 lodging and \$300 meals).

Note that any personal expenses, such as green fees at the golf course, are nondeductible. Also, if family members accompany you on a trip, you cannot deduct their expenses, but your travel may still qualify as business-related.

Of course, this is just a brief summary of the pertinent tax rules. To review the tax requirements for your travel plans, check with us before you hop on board. We are available to help clients with tax questions and serve as a trusted advisor.