

Tax Alert

Combining Business and Vacation Travel: What Can You Deduct?

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If you go on a business trip within the United States and tack on some vacation days, you can deduct some of your expenses. But exactly what can you write off?

Transportation Expenses

Transportation costs to and from the location of your business activity are 100% deductible as long as the primary reason for the trip is business rather than pleasure. On the other hand, if vacation is the primary reason for your travel, then generally none of your transportation expenses are deductible.

What costs can be included? Travel to and from your departure airport, airfare, baggage fees, tips, cabs, and so forth. Costs for rail travel or driving your personal car are also eligible.

Business Days vs. Pleasure Days

The number of days spent on business vs. pleasure is the key factor in determining if the primary reason for domestic travel is business. Your travel days count as business days, as do weekends and holidays, if they fall between days devoted to business, and it would be impractical to return home.

Standby days (days when your physical presence is required) also count as business days, even if you aren't called upon to work those days. Any other day principally devoted to business activities during normal business hours also counts as a business day, and so are days when you intended to work, but couldn't due to reasons beyond your control (such as local transportation difficulties).

You should be able to claim business was the primary reason for a domestic trip if business days exceed personal days. Be sure to accumulate proof and keep it with your tax records. For example, if your trip is made to attend client meetings, log everything on your daily planner and copy the pages for your tax file. If you attend a convention or training seminar, keep the program and take notes to show you attended the sessions.

Once at the destination, your out-of-pocket expenses for business days are fully deductible. These expenses include lodging, hotel tips, meals (subject to the 50% disallowance rule), seminar and convention fees, and cab fare. Expenses for personal days are nondeductible.

We Can Help

Questions? Please contact us if you want more information about business travel deductions.