Combine Business Travel and a Family Vacation Without Losing Tax Benefits



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Are you thinking about turning a business trip into a family vacation this summer? This can be a great way to fund a portion of your vacation costs. But if you're not careful, you could lose the tax benefits of business travel.

Reasonable and necessary

Generally, if the primary purpose of your trip is business, expenses directly attributable to business will be deductible (or excludable from your taxable income if your employer is paying the expenses or reimbursing you through an accountable plan). Reasonable and necessary travel expenses generally include:

- Air, taxi and rail fares,
- Baggage handling,
- Car use or rental,
- Lodging,
- Meals, and
- Tips.

Expenses associated with taking extra days for sightseeing, relaxation or other personal activities generally *aren't* deductible. Nor is the cost of your spouse or children traveling with you.

Business vs. pleasure

How do you determine if your trip is "primarily" for business? One factor is the number of days spent on business vs. pleasure. But some days that you might think are "pleasure" days might actually be "business" days for tax purposes. "Standby days," for example, may be considered business days, even if you're not engaged in business-related activities. You also may be able to deduct certain expenses on personal days if tacking the days onto your trip reduces the overall cost.

During your trip it's critical to carefully document your business vs. personal expenses. Also keep in mind that special limitations apply to foreign travel, luxury water travel and certain convention expenses.

Maximize your tax savings

For more information on how to maximize your tax savings when combining business travel with a vacation, please contact us. In some cases you may be able to deduct expenses that you might not think would be deductible.