

Deductions for Travel & Entertainment			
	100% Deductible	50% Deductible	Non-Deductible
Customer Entertainment: <i>(see Special Cases)</i>	<ul style="list-style-type: none"> ◆ Cost of travel to entertainment events ◆ Entertainment expenses billed to customer (if record provided to customer) ◆ Holiday cards ◆ Holiday decorations 	<ul style="list-style-type: none"> ◆ Restaurant meals (member of your business must be present) ◆ Night clubs ◆ Social events ◆ Theaters ◆ Sporting trips ◆ Food at any of the above events ◆ Cost of parking at the above events ◆ Items qualifying as either entertainment or gifts 	<ul style="list-style-type: none"> ◆ Business gifts in excess of \$25 per person per year ◆ Lavish or extravagant expenses ◆ Facility operating costs ◆ Any loss on sale of facility ◆ Skyboxes—cost in excess of regular, non-luxury box seat
Other Entertainment:	<ul style="list-style-type: none"> ◆ Meals/entertainment provided to general public for advertising or goodwill 		<ul style="list-style-type: none"> ◆ Lavish or extravagant expenses
Club Dues:	<ul style="list-style-type: none"> ◆ Professional organizations (example: medical or bar associations) ◆ Business leagues ◆ Trade associations ◆ Chambers of commerce ◆ Boards of trade ◆ Real estate boards ◆ Civic organizations (examples: Kiwanis, Lions, Rotary, Civitan) ◆ Public service organizations 	<ul style="list-style-type: none"> ◆ Specific business entertainment expenses at clubs (such as the cost of business entertainment meals with customers) 	<ul style="list-style-type: none"> ◆ Business luncheon clubs ◆ Airline and hotel clubs ◆ Country clubs ◆ Golf and athletic clubs ◆ Any club in the 100% column-if the principal purpose is to provide entertainment activities or facilities
Business Trips: <i>(Requiring Overnight Stays)</i>	<ul style="list-style-type: none"> ◆ Hotel lodging ◆ Airfare, train, bus, car expenses ◆ Taxi/limousine-between airport and hotel and/or business site ◆ Cleaning or laundry ◆ Tips—other than for meals or entertainment 	<ul style="list-style-type: none"> ◆ Meals and entertainment ◆ Tips—for meals and entertainment 	<ul style="list-style-type: none"> ◆ Lavish or extravagant expenses ◆ Luxury water travel – cost in excess of twice federal per diem rate
Conventions / Meetings: <i>(see special cases)</i>	<ul style="list-style-type: none"> ◆ Hotel lodging ◆ Airfare, train, bus, car expenses ◆ Taxi/limousine-between airport and hotel and/or business site ◆ Cleaning or laundry ◆ Cost of meeting rooms ◆ Registration fees 	<ul style="list-style-type: none"> ◆ Meals and entertainment ◆ Business luncheons and clubs 	
Employer/Employee Expenses:	<ul style="list-style-type: none"> ◆ Meals/entertainment included in employee's compensation ◆ Meals/entertainment included in Form 1099 issued to non-employee ◆ Recreational expenses (including cost of facilities) for non-highly compensated employees ◆ Employee holiday parties, annual picnic, softball games and equipment ◆ Cash gifts to employees (value in excess of \$25 must be included in compensation) ◆ Meals provided to employees on business premises "for the convenience of the employer." 	<ul style="list-style-type: none"> ◆ Meals provided to employees on business premises 	
Travel Costs-Spouse:	<ul style="list-style-type: none"> ◆ Spouse is employee of business and legitimate business purpose for spouse's travel 		<ul style="list-style-type: none"> ◆ Spouse is not an employee
Cruises:	<ul style="list-style-type: none"> ◆ Up to \$2,000 per employee per year if all requirements are met: <ol style="list-style-type: none"> 1. Ship registered in US 2. All ports of call in US or its possessions 3. Specific documents required to be attached to tax return 		<ul style="list-style-type: none"> ◆ Cost in excess of \$2,000 per employee per year. ◆ Full cost if ship not US registered ◆ Full cost if any ports of call outside US or its possessions
Special Cases:	<ol style="list-style-type: none"> 1. Items qualifying either as entertainment (50%) or gift (\$25 limit) generally treated as entertainment. 2. Event tickets given to customer—you may choose preferable treatment as gift or entertainment. 3. Convention costs outside North America – deductible only if: <ul style="list-style-type: none"> • Directly related to your business • Reasonable to hold meeting outside North America 		