

## Knowing the Rules Can Boost Your Travel Deductions

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Traveling for business can be a tricky situation when it comes to taxes. How do you know what can be deducted? And, what counts as a tax-deductible business day? The IRS actually has some fairly easy rules, so once you know how to define “business days”, it becomes much easier to understand your deductions and get the most from them.

### Personal Days vs Business Days

Why is it so important to understand the difference between personal days and business days? For starters, any travel done on business days (by the IRS definition of the term) allows for deductions on gas, lodging, and food. That can mean significant savings for you when documented correctly.

Let’s lay out the business day rules and what they mean for your deductions (you only need to meet one of these requirements):

- **You Work More Than Half a Day**—If you work for more than four hours on any particular day of your trip, that day counts as a business day. Typically, a full work day is eight hours, so that means doing business for more than four hours constitutes the majority of your possible work day<sup>[1]</sup>.
- **You Spend the Day Traveling**—Let’s be clear about this. You must spend the majority of your day traveling *for business*. Even if you perform no other business activities that day, your business travel day is counted as a business day<sup>[2]</sup>. Just make sure the majority of your trip qualifies as business.
- **Your Presence is Required**—If one of your business associates **must** have you present for necessary business reasons, your travel and expenses for that day are deductible, even if you did not spend four hours working<sup>[3]</sup>. Associates include your partner, employer, customers, or clients.
- **You Were Prevented from Working**—Things happen, and your day does not always go as planned. Luckily, the IRS plays fair on this. If you tried to conduct business but were prevented by circumstances beyond your control, you can still deduct your business travel expenses<sup>[4]</sup>.
- **Holidays, Weekends, and Other Necessary Standby Days**—Sometimes your travel may stretch over a period that includes non-business days. When it’s not practical to return home and travel back again, your expenses for these days are deductible. To prove the necessity, keep records indicating that travel time would have been unreasonable or the expense would have been greater to travel back and

forth than simply to stay over<sup>[5]</sup>.

- **Days that Save Money**—Sometimes you score a travel discount for traveling a day or two earlier or later than needed. As long as you can show that the amount you saved outweighs what you spent on staying an extra day or two, your costs count as business day travel expenses<sup>[6]</sup>.

As you can see, it's fairly easy to create a business day out of what would have been a personal day. Knowing the difference between the two is the key to boosting your deductions. Just be sure to keep accurate records that indicate how you spent your time, how much money you spent, and why the activities were for business purposes.

## Primary Travel Expenses

Now that you know which days are business days, you need to understand what expenses are covered on those days. Certain expenses are pretty much a given on business trips, so we'll take a look at how those common expenditures figure into your deductions:

- **Food and Lodging**—Anything you need to sustain yourself during travel is called a life expense. Your meals and hotel stay are life expenses. However, be careful that you only deduct these expenses for business days, not personal days.
- **Transportation**—Unlike life expenses, transportation cannot be partially deducted (i.e., divided between personal days and business days). If the majority of your trip was for business purposes, you deduct all of your transportation expenses. If the majority of the trip was for personal reasons, you cannot deduct travel<sup>[7]</sup>.
- **Business Expenses**—Business expenses are the exception to the business day vs personal day rule. These are expenditures that can be deducted regardless of whether the day was primarily spent doing business. Some examples are shipping costs, communication costs, and printing costs.

Now you know the rules for what constitutes a business day and which expenses are considered tax deductible for business travel. Before making these deductions, you should always check that the trip qualifies. That means the majority of days on your trip should be business days, and some expenses (such as food and lodging) can only be deducted for days that are actual business days. When you're mixing business and leisure, you cannot deduct these expenses on days where the majority of your time was spent in non-business related activities.

## Sample Itinerary

It really doesn't make sense to avoid fun and experiences just because you're on a

business trip. By planning ahead and documenting your time, you can spend plenty of time enjoying yourself wherever you may be conducting work activities. Look at this example to see how the deductions add up:

- **Days 1 and 2**—You rent a car to drive from Maryland to Orlando, stopping overnight at Georgia in between. Both of these days are deductible for business travel.
- **Days 3 through 5 (Friday, Saturday, Sunday)**—You are staying in Orlando. Normally, these would be considered personal days, but if you set up a meeting with colleagues or potential clients on Friday, you can turn all three days into business days.
- **Days 6 through 9**—This is the week of the business conference, and you are staying at a Disney Resort. You can deduct the price of the resort stay and your meals for these days.
- **Days 10 and 11**—You leave Florida to drive back home, and you stop over at Georgia again. Like the trip to Florida, these days are business travel days.

With an itinerary like this, you have eight business days if you do not conduct business on the first Friday. Even with eight of the eleven days, your trip is primarily business and you can deduct all transportation expenses. You can deduct the resort stay and meals (life expenses) for the eight business days. Or, if you make that first Friday a business day (thereby converting the weekend to standby days), you can deduct life expenses for all eleven days! The next time you're planning a trip (whether business or personal), ask yourself what you can do to make it a business trip and still have fun.

1. Reg. Section 1.274-4(d)(2)(iii). [^](#)
2. Reg. Section 1.274-4(d)(2)(i). [^](#)
3. Reg. Section 1.274-4(d)(2)(ii). [^](#)
4. Reg. Section 1.274-4(d)(2)(iv). [^](#)
5. Reg. Section 1.274-4(d)(2)(v). [^](#)
6. PLR 9237014. [^](#)
7. The technical rule is “primary purpose,” which does not necessarily mean the majority of days. [^](#)