

Deducting Convention Expenses

Article Highlights:

- Trade or Business Requirement
- North American Area Travel
- Travel Outside the North American Area
- Expense Limitations Outside of the North American Area
- Cruise Ships

Generally, an individual can deduct travel expenses from attending conventions, seminars or similar types of meetings within the North American area, provided that attendance benefits the taxpayer's trade or business. However, family members' travel expenses are not deductible, and neither are expenses from attending investment, political, social or other types of meetings not related to the taxpayer's trade or business.

The North American area includes the United States, U.S. possessions, Canada, Mexico, Bermuda, Barbados, Costa Rica, Dominica, the Dominican Republic, Grenada, Guyana, Honduras, Jamaica, Saint Lucia, and Trinidad and Tobago. For a more detailed list, consult [IRS Publication 463](#).

Thus, the entire cost of transportation and lodging, plus 50% of the meal expenses, is deductible for meetings held within the North American area.

Meetings Outside the North American Area – Deducting travel expenses for a convention or meeting outside the North American area has requirements:

- The meeting must be *directly related to* the taxpayer's trade or business (whereas meetings within the North American area need only *benefit* the taxpayer's trade or business), and
- It must be reasonable to hold the meeting outside the North American area. There is no specific definition of "reasonable" for this purpose, which places the burden of proof on the taxpayer. Considerations include the meeting's purpose and activities and the location of the meeting sponsors' homes.

Even if the above requirements are met, the amount of deduction allowed depends upon the primary purpose of the trip and on the time spent on nonbusiness activities:

- (1) If the entire time is devoted to business, all ordinary and necessary travel expenses are deductible.
- (2) If the travel is primarily for vacation and only a few hours are spent attending professional seminars, none of the expenses incurred in traveling to and from the business location are deductible.
- (3) If, during a business trip, personal activities take place at, near or beyond the business destination, then the expenses incurred in traveling to and from the business location have to be appropriately allocated between the business and nonbusiness expenses.
- (4) If the travel is for a period of one week or less, or if less than 25% of the total time is spent on nonbusiness activities (on a day-by-day basis), then the travel deductions are treated the same as they would be for travel within the North American area.

Meetings Held On Cruise Ships – When a convention or meeting is held on a cruise ship and is *directly related to* a taxpayer's trade or business, the taxpayer is limited to \$2,000 per year in deductions for expenses from attending such conventions, seminars, or similar meetings. All ships that sail are considered cruise ships. The following rules also apply:

- The cruise ship must be registered in the United States.
- All of the cruise ship's ports of call must be in the United States or its possessions.

If you have questions related to the deductibility of expenses from conventions and meetings or from foreign travel, please give this office a call.