

## Laura Cross

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- Team Builder Surge365
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## Meet the Trainer



Keep More Commissions with Tax Breaks



# Lesson 2: Part 2

## Maximize Your Deductible Entertainment Expenses

### Strategy Eight: Audit Proof Your Entertainment Deductions

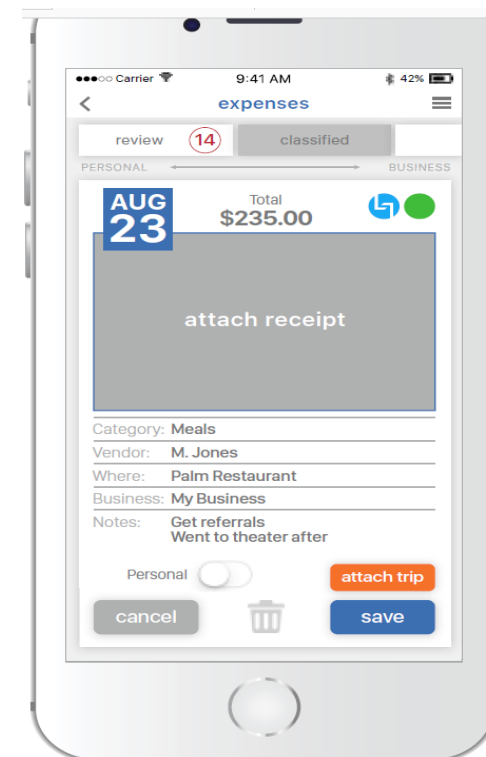
Entertainment must be incurred in the ordinary and necessary course of business & documented to meet IRS substantiation requirements.

### Strategy Nine: Deduct Home Entertainment

- Your home is already a setting for conducive to business discussion
- Invite a couple over for dinner

Ex. Invite Jones to your home to ask and receive a referral. 90% of the evening is spent on non-business activities, the cost is deductible.

If you fail to get a referral, the cost of entertainment is **still** deductible.





## Strategy Ten: Give Small Parties at Home

- Your home entertainment deductions are secure when you discuss business with your guests.
- You **should not** discuss business with closely connected spouses and significant friends.
- Keep your guest list small (fewer than 12 people).





## **Strategy Eleven: Properly Set Up & Document Large Group Entertainment to Solidify Deductions**

**General rule:** When you invite >12 people to your home, you will be hard-pressed to prove to IRS that you had business discussions with everyone in attendance. Therefore, you must establish some other type of commercial motivation.

**Do Not** combine business party with personal celebration of an event.

Home entertainment, especially when large groups are involved, is deductible only when you can firmly establish a business purpose.

**Display Products:** Commercial motivation is generally clearly established when you display business products or services.

Your chances for deduction improve if you have no social or personal relationship with guests.







### **Strategy Twelve: Give Parties for Employees**

The reasonable cost of a year-end holiday party or a summer outing for employees and their families is **100%** deductible.

### **Strategy Thirteen: Provide Lunches for Employees**

Under recent law change – you may provide lunches to employees on a tax-free basis if you provide lunch for over one-half of the employees, and either;

1. There is a short lunch period (no more than 45 minutes)
2. They are available for emergencies (such as ambulance service)
3. There are insufficient eating facilities nearby

Also, meals must be furnished on normal business days





## **Strategy Fourteen: Deduct Business Club Dues and Lunches**

Deduct dues paid to business clubs when such payment is in the ordinary and necessary course of business.

“ordinary & necessary” – expenses are customary, usual or normal, & helpful or appropriate.

Local Chamber of Commerce – almost always appropriate or normal

Dues paid to professional societies are deductible

Trade Association dues are deductible if the assoc. purpose is furthering of business interests of its members

Dues to community clubs organized to attract tourists & new members to your locality give rise to deductible dues.

**Note: Meals incurred & paid for while talking business at the club are deductible.**





## **Strategy Fifteen: Give Sales Seminars & Presentations at Home**

In a tax court decision, the court ruled that all food and refreshments served to prospects were 100% deductible if provided at home during a sales seminar or sales presentation.

Deductible is only 50% when conducted in restaurants.

