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Ken Berry, JD • Aug. 25, 2014

[This is [part of a series of articles](#) on maximizing deductions for travel and entertainment (T&E) expenses.]

It is well-known in tax circles that taxpayers can deduct the cost of traveling "away from home" on business. For this purpose, your tax home is usually your principal place of business. As an example, if you live and work in New York and fly to L.A. for a two-day whirlwind of business negotiations, the round-trip airfare is clearly deductible.

However, the tax lines often become blurred if you spend part of the time away from home on personal pursuits. In this case, your business travel deductions may be reduced or even eliminated.

The exact tax rules for travel inside the country and travel outside the country vary slightly. This article is devoted to domestic travel only. Foreign travel will be covered in a subsequent article.

Basic rules: The IRS says you can deduct all of your travel expenses if your trip was entirely business-related. And, as long as the primary purpose of your business trip was business-related, you can deduct expenses attributable to business activities, but not the cost of any side trips or personal activities. The deductible amount includes travel costs to and from your business destination and business-related expenses at the destination (but deductions for meals and entertainment expenses are limited to 50% of the cost).

Conversely, if you take the trip primarily for personal reasons, you can't deduct any

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the trip from New York to L.A. and back, you will likely spend two travel days that will count as business days. Furthermore, you may also include weekends and holidays falling between business days if it would be impractical to return home on those days. Similarly, "stand-by days" and other days when you intend to work but can't because of a legitimate reason (e.g., one of the parties takes ill) are treated as business days.

Typically, you might tack a few days of vacationing on the end of a long business trip. For instance, say that you leave home on Sunday and conduct business during the five weekdays before taking the weekend off to sightsee. Then you fly back home on Monday. Of the nine days, a total of seven (the five weekdays and the two travel days) count as business days. Therefore, the primary purpose of the trip is business-related.

What expenses are deductible? The list will usually include the cost of airfare or other transportation, lodging and meals (subject to the 50% limit) and incidentals such as cab fare between the airport and hotel, tips at the hotel, cleaning services, etc. Of course, other special rules may come into play. Practical advice: Encourage clients to keep detailed records to support deductions for business travel.

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