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## Records

Ken Berry, JD • Oct. 01, 2014



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

In the not-so-distant past, the IRS often suspected that deductions for travel and entertainment (T&E) were being inflated or, even worse, being claimed when no legitimate expenses existed. Eventually, it carved out a strict set of recordkeeping

requirements for T&E expenses. To this day, the IRS remains adamant about the need

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- Time and place of business travel, meals, entertainment, recreation or use of a facility.
- Business purpose of the expense.
- Business relationship of the person being entertained, using the facility or receiving a gift,
- Date and description on any business gifts.

It's critical to record the elements of an expense or near the time it is incurred and support it with adequate documentary evidence. A contemporaneous record is strongly preferred over a statement prepared later when you can't likely recall the event with the same accuracy. But this doesn't mean you have to write down elements of each expense as soon as you come home each day. Handling matters on a weekly basis should do the trick.

According to IRS Publication 463 (Travel, Entertainment, Gift and Car Expenses), documentary evidence is considered "adequate" if it shows the amount, date, place, and essential character of the expense. For example, a hotel receipt is enough to support expenses for business travel if it has the name and location of the hotel; the dates you stayed there; and separate amounts for charges such as lodging, meals, and telephone calls. Similarly, a restaurant receipt is sufficient if it shows the name and location of the restaurant; the number of people served; and the date and amount of the expense. If a charge is made for items other than food and beverages, the receipt must indicate this.

A canceled check, together with a bill from the payee, ordinarily establishes the cost. However, a canceled check by itself doesn't prove a business expense without other evidence showing that it was for a business purpose.

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containing specific information about the element and other supporting evidence.

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