

# Writing Off Show Attendance Here and There

Here's what you can and cannot deduct in 2022.

BY JAMES D. KRICKETT

**T**hey're back! That's right, acquiring knowledge, having fun and reaping the many benefits of attending events such as July's National 2022 APMA Annual Scientific Meeting in Orlando, FL are once again possible. While not all conventions, trade shows, seminars, and events are "in person," tax write-offs—and restrictions—new and old are in place for podiatric professionals attending.

Not too surprisingly, the tax rules have changed and there are new write-offs strictly for those attending remote events, seminars, and the like. A new, temporary write-off for 100% of some food and beverage costs, new per diem rates, and a recently increased standard mileage rate are just a few of the things a professional podiatric practice faces today.

## Traveling to Tax Deductions

Travel expenses are among the most common business expense deductions. However, this type of expense can also be one of the most confusing. When is the cost of a trip deductible as a business expense? How about convention-related expenses, particularly for events in other cities?

Generally, the podiatry practice or self-employed podiatric professional can deduct ordinary and necessary expenses incurred when traveling on business. Meeting the requirement of being "ordinary and necessary"

business expenses, and if the trip is completely practice-related, the full amount is deductible for expenses including:

- Travel by plane, car, bus, or train between the attendee's home and the destination;
- Transportation at the destination including from the airport to the hotel, the hotel to the event, and even the cost of a car rental;
- Actual or standard mileage costs of using a personal vehicle or one

is traveling away from home only if they meet two conditions:

- The travel is away from the general area or vicinity of the attendee's tax home.
- The trip is long enough or far away enough that the attendee can't reasonably be expected to complete the round trip without any rest or sleep. This doesn't necessarily mean staying overnight at the destination; needing to get a few hours' sleep at a hotel before driving home may be sufficient to convince a skeptical IRS agent—if asked.

Generally, an individual's tax home is the entire general area or vicinity (e.g., a city and surrounding suburbs) of the principal place of business, regardless of the location of the individual's personal or family home. If there

is more than one place of business, home is decided by the amount of time ordinarily spent and the relative amount of income from each office, clinic, or hospital.

## A Rough Landing

Today, and until at least through 2025, the employee business expense deductions cannot be taken as a personal itemized deduction. The podiatric practice, self-employed professionals, or independent contractors can, of course, continue reaping tax savings for attendance at practice-related events in-person or remotely.

owned by the practice for the trip;

- Parking, tolls and other costs associated with the use of the vehicle;
- Lodging;
- Meals, either the actual cost or the IRS's per diem allowance;
- Dry cleaning or laundry services;
- Tips related to any of the above.

## Travel Deductions Require Travel

It might be obvious, but in order to incur and subsequently deduct traveling expenses, someone must actually travel. In other words, the travel must be "away from home." However, even that may be oversimplifying things.

In the eyes of the IRS, someone



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Expenses, including travel, lodging, and meals, can be deducted by the practice for expenses incurred by its principals and employees while attending a convention or trade show within the United States—so long as it can be shown that attendance benefited the practice. This applies to workshops, conferences, and seminars, as well as actual trade shows and conventions.

However, while travel expenses are among the most common business expense deductions, this type of expense can also be one of the most confusing. Fortunately, things can go a lot smoother with the IRS's standard expense deduction.

### **Per Diem**

Business travel, in general, entails a wide variety of expenses. In addition to the cost of getting to and from the event destination, paying for a place to stay, local transportation, meals, entertainment, and more all cloud the deductions possibilities. The IRS's per diem rules greatly simplify the process of substantiating business travel expense amounts.

The advantage of using the standard meal allowance is that records of actual expenses aren't required. Naturally, keeping records to prove the time, place, and business purpose of the travel is usually a good idea. The biggest disadvantage: standard allowances are not very generous with actual expenses—and therefore the deductions—would be larger.

Originally designed for federal employees, today the per diem is a daily allowance for specific travel expenses that can be used by private employers and is accepted by the IRS. While the per diem amount does not cover cost of transportation to out-of-town events or other business destinations, it does cover lodging, along with meals and incidentals once an attendee arrives at the event.

Updated every year, the per diem rates change as costs rise. The per diem rates include three components:

- Meals and incidental expenses (M&IE) “high/low” rates are \$295 for travel to any high-cost locality and \$202 for travel to any other locality

in the continental United States. The amount of the high rate treated as paid for meals is \$74 or \$64 in any other locality.

- Incidental expenses only cover such things as fees, tips, and the like and remains at \$5 per day.

- High cost cities and locations covers the cost when visiting a more expensive destination is required.

The primary purpose of a trip is usually determined by looking at the facts and circumstances of each case. An important factor is the amount of time spent on personal activities during the trip as compared to the amount of time spent on activities directly related to the practice.

If the trip is primarily personal in nature, none of the traveling ex-

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### **Friends and Family**

Generally, there is no tax deduction for a spouse, dependent, or any other individual traveling with an attendee. In order for their travel expenses to be deductible, the spouse or other individual must also be an employee of the podiatric practice. A spouse's travel must be for a bona fide business purpose.

Although not deductible, those accompanying spouses, family members, or friends can stay in accommodations that are priced “per room” without jeopardizing the attendee's deduction. When driving, rarely does an extra passenger add to the expense.

### **Too Much Fun May Equal a Vacation**

When it comes to travel that is both related to the podiatric practice and personal, the IRS is on the lookout for anyone trying to classify a non-deductible personal trip as a deductible practice-related trip. Fortunately, convention-related expense deductions have long been possible even if part of the trip included personal vacation time.

Deducting expenses for family members accompanying an attendee on a business trip isn't possible unless there's a business- or practice-related reason for them to attend. What's more, traveling to a destination and engaging in both personal and practice-related activities means deducting traveling expenses to and from the destination only if the trip is primarily related to the podiatric practice.

penses are deductible. This is true even if some practice-related activities are engaged in while at the destination. Naturally, deductions are permitted for particular expenses incurred while at the destination if they otherwise qualify as practice-related deductions.

### **Foreign Travel**

Foreign travel solely for business is fully tax deductible. When it comes to deducting expenses for attending a trade show or convention outside the North American area, however, the event must be directly related to the podiatric practice and it must be as reasonable to hold it outside North America as in it.

When it comes to convention- or meeting-related travel, the “North American area” includes the U.S., its possessions, the Trust Territory of the Pacific Islands, Canada, and Mexico. Also included are countries that have an information-sharing agreement in place with the U.S.

### **Cruising to a Deduction**

Tax deductions for conventions, shows, and other events held on cruise ships are permitted. Of course, the event must be directly related to the practice of podiatry, the ship must be a vessel registered in the U.S., and all of the ship's ports of call must be in the U.S. or its possessions.

After attaching statements to the annual tax return outlining the trip's specifics and a written statement from the organization or group sponsoring the event, up to \$2,000 of the

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expenses of attending a qualifying event on a cruise ship may be deducted each year.

### Remote Events—Same Rules

As a result of the pandemic, many trade shows, conventions and other events were forced to operate virtually. The hundreds of thousands of attendees at events held remotely may qualify for tax savings through their practices. Although registration fees can be deducted by the podiatric practice, those who work for a traditional employer may not qualify for this tax break.

In order to reimburse workers for expenses incurred attending shows, conventions, and other events, a podiatric practice can establish an IRS-approved reimbursement program. These so-called “accountable plans” cover the expense of attending or participating in remote events—so long as they are practice-related.

Employees provide receipts for their expenditures; the practice pays them back and qualifies the reimbursement as a practice-related business expense. These reimbursements would be for reasonable and necessary expenses which might even include a portion of the expenses associated with those remote events such as:

- Cell phone or landline plan
- Personal computer or tablet
- Home internet plan, and
- Teleconferencing software or hardware

Obviously, only briefly attending a remote show, webinar, or other CME event would make allocating costs extremely difficult for anyone not already working remotely. For those podiatrists, deducting “education-related” expenses might be the preferred course of action.

### Entertaining as a Tax Deduction

For many, conventions, trade shows, meetings, and seminars involve networking which brings up the potential minefield of travel and entertainment (T&E) tax deductions. While business-related travel to and from conventions and other events is pretty cut-and-dried, “entertainment” is another story.

The IRS defines “entertainment” as “any activity generally considered to provide entertainment, amusement, or recreation.” That means entertaining guests in a nightclub or bar, theaters, or concert halls, etc.

Entertainment that takes place in a business setting is directly related to the podiatric practice. That includes hosting a hospitality suite at an industry conference or taking a potential client, patient, or associate for dinner after a trade show. Although the expenses have to be directly related to or “associated with” conducting or discussing business, they don’t have to result in an actual income-producing event.

### Education on the Side

Those attending an educational seminar or required continuing professional education (CME) event, may be able to personally deduct the

properly substantiated. Thus, it’s important to keep “adequate” records that show:

- The amount of the expense
- The time and place of the activity, and
- The business purpose and relationship.

That means retaining materials such as show badges or seminar workbooks that can help prove attendance at the event. Other helpful materials would be conference agendas with practice-essential sessions, an exhibitors list, a catalogue of relevant seminars, and business cards and vendor brochures.

Although an attendee may not be required to keep all receipts, such as those for expenditures under \$75, it doesn’t hurt to do so. They often serve as a reminder of a deductible expense, especially where the payment was in cash.

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related costs as an education-related expense.

The requirements for education-related expenses are that the event, webinar, or seminar must improve a professional’s skills or help maintain their professional expertise. Plus, they must be related to the individual’s field of work.

If the practice provided funds for educational assistance, such as tuition reimbursement—up to \$5,250 may not be counted as taxable income for the recipient. Although not required to fund it, the practice must have a formal educational assistance plan that is available to all in the practice.

### The IRS Likes Records

Attending a show or other industry event can mean big bills for travel and hotels. A podiatric practice can, of course, deduct those expenses, softening the blow to the bottom line. However, deductions must be supported by adequate documentation.

The IRS often challenges deductions for travel expenses that are not

### Benefits and Benefiting

Finally, attending trade shows, conventions, conferences, and other events can be a great way for practice principals and self-employed podiatric professionals to keep themselves and their employees current on industry developments, ensure ongoing professional development, and improve skills. It also allows for networking opportunities. Best of all, the costs of attending or participating in these events may be tax deductible.

Naturally, deducting show attendance costs that are lavish or extravagant is a no-no. And showing the practice-related purpose of these or any other expense is needed to secure the deduction. The complexity and ever-changing rules make professional guidance necessary for podiatrists wishing to secure the maximum write-off for their practice. **PM**

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