

## Foreign business travel

**Q.** I have been thinking about taking a trip to Europe and was considering doing some business at our company's European headquarters while I was there. Are there any special issues involved if I want to consider this a business trip and deduct related expenses? Are my travel expenses deductible if I engage in business or investment-related activities on a foreign trip, but the primary purpose of my trip is actually personal?

**A.** If the primary purpose of a foreign trip is personal, unfortunately the travel expenses are not deductible even if you engage in some business-related activities. However, if you can work something out more concrete as to your business plans with your employer, it is possible that you may be able to deduct all of your travel expenses. Read on:

If you go on a business trip outside the U.S. and spend the entire time on business activities, all of your travel expenses, including those needed to get to and from the location where you are doing business, are deductible. You will be treated as spending all of your time on business or investment-related activities and the full amount of your travel costs will be deductible if: (1) you do not have substantial control over arranging the trip outside of the country and (2) the major reason in your deciding to make the trip outside the U.S. was not to give yourself a personal vacation or a holiday.

If you are an employee traveling outside of the U.S. because your employer requested that you do so and you are traveling under a reimbursement or other expense allowance arrangement, the IRS will treat you as not having substantial control over making the travel arrangements. (Note: Self-employed persons are generally treated by the IRS as having substantial control over arranging foreign travel.) To deduct the trip, you need to show that taking a vacation was not a major consideration in deciding whether to travel. You will be able to deduct all of your travel expenses, as long as you are not (1) a managing executive of your employer's company or (2) related to the employer. In addition, just because you can control the timing of the trip, does not mean that you have substantial control over arranging a trip outside of the U.S.