



Maximizing Deductions: Travel Entertainment and Gifts

Course #3141A

Taxes

2 Credit Hours

Support@PacificCPE.com | (800) 787-5313

PacificCPE.com

MAXIMIZING DEDUCTIONS: TRAVEL ENTERTAINMENT AND GIFTS

This course cover the ins and outs of maximizing business deductions. Information related to traveling away from home, meals, entertainment expenses, and business gifts will be discussed in detail.

LEARNING ASSIGNMENTS AND OBJECTIVES

As a result of studying each assignment, you should be able to meet the objectives listed below each individual assignment.

SUBJECTS

Introduction

Travel

Meals and Entertainment

Gifts

Study the course materials from pages 1 to 53

Complete the review questions at the end of each chapter

Answer the exam questions 1 to 10

Objectives:

- Recognize what travel expenses are deductible
- Identify the deductibility of non-entertainment-related meals and entertainment expenses.
- Identify the restrictions on the deduction for business gifts
- Identify current information related to transportation expenses

NOTICE

This course is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional advice and assumes no liability whatsoever in connection with its use. Since laws are constantly changing, and are subject to differing interpretations, we urge you to do additional research and consult appropriate experts before relying on the information contained in this course to render professional advice.

© Pacific CPE, LP 2020

Program publication date 3/21/19

EXAM OUTLINE

- **TEST FORMAT:** The final exam for this course consists of 10 multiple-choice questions and is based specifically on the information covered in the course materials.
- **ACCESS FINAL EXAM:** Log in to your account and click Take Exam. A copy of the final exam is provided at the end of these course materials for your convenience, however you must submit your answers online to receive credit for the course.
- **LICENSE RENEWAL INFORMATION:** This course qualifies for **2** CPE hours.
- **PROCESSING:** You will receive the score for your final exam immediately after it is submitted. A score of 70% or better is required to pass.
- **CERTIFICATE OF COMPLETION:** Will be available in your account to view online or print. If you do not pass an exam, it can be retaken free of charge.

TABLE OF CONTENTS

Introduction	1
Introduction: Test Your Knowledge	3
Introduction: Solution and Suggested Responses	5
Chapter 1: Travel	7
Chapter 1: Test Your Knowledge	31
Chapter 1: Solutions and Suggested Responses	33
Chapter 2: MEALS AND Entertainment	35
Chapter 2: Test Your Knowledge	43
Chapter 2: Solutions and Suggested Responses	45
Chapter 3: Gifts	47
Chapter 3: Test Your Knowledge	49
Chapter 3: Solutions and Suggested Responses	51
Final Exam Copy	53
Index	55
Glossary	56

INTRODUCTION

Chapter Objective

After completing this chapter, you should be able to:

- Identify current information related to transportation expenses.

The goal of this course is to teach the CPA or Enrolled Agent the ins and outs of the tax laws relating to travel, entertainment, gift, car expenses and home office deduction. The starting point will be important changes that became effective during the year and important reminders that you should know about. After this, we jump right into the law.

Important Information

Car expenses. The cost of using your car as an employee, whether measured using actual expenses or the standard mileage rate, will no longer be allowed to be claimed as an unreimbursed employee travel expense as a miscellaneous itemized deduction due to the suspension of miscellaneous itemized deductions that are subject to the 2% floor under section 67. The suspension applies to tax years beginning after December 2017, and before January 2026. Deductions for expenses that are deductible in determining adjusted gross income are not suspended. For example, Armed Forces reservists, qualified performing artists, and fee-basis state or local government officials are allowed to deduct unreimbursed employee travel expenses as an adjustment to total income on Schedule 1 (Form 1040), line 24.

Standard mileage rate. For 2018, the standard mileage rate for the cost of operating your car for business use is 54.5 cents per mile. For 2019, this rate increases to 58 cents per mile.

Depreciation limits on cars, trucks, and vans. For 2018, the first-year limit on depreciation, special depreciation allowance, and section 179 deduction for vehicles acquired before September 28, 2017, and placed in service during 2018 is \$16,400. The first-year limit on depreciation, special depreciation allowance, and section 179 deduction for vehicles acquired after September 27, 2017, and placed in service during 2018 is \$18,000. If you elect not to claim a special depreciation allowance for a vehicle placed in service in 2018, the amount is \$10,000.

Meals and entertainment. For 2018, the treatment of certain meals and entertainment expenses was changed. In general, entertainment expenses are no longer deductible. The cost of business meals generally remains deductible, subject to the 50% limitation. See section 274 for additional information on the changes.

Section 179 deduction. The maximum amount you can elect to deduct for most section 179 property (including cars, trucks, and vans) you placed in service in tax years beginning in 2018 is \$1,000,000. This limit is reduced by the amount by which the cost of section 179 property placed in service during the tax year exceeds \$2,500,000.

Special depreciation allowance. For 2018, the special (“bonus”) depreciation allowance on qualified property (including cars, trucks, and vans) is 100% for qualified property acquired and placed in service after September 27, 2017 and placed in service before January 2023, and is reduced 20% each year after for property placed in service before January 2027.

INTRODUCTION: TEST YOUR KNOWLEDGE

The following question is designed to ensure that you have a complete understanding of the information presented in the chapter (assignment). It is included as an additional tool to enhance your learning experience and does not need to be submitted in order to receive CPE credit.

We recommend that you answer the question and then compare your response to the suggested solution on the following page before answering the final exam question(s) related to this chapter (assignment).

- | | |
|----|--|
| 1. | <p>What is the first-year limit on depreciation, special depreciation allowance, and section 179 deduction for vehicles acquired and placed in service during 2018:</p> <ul style="list-style-type: none">A. \$10,000B. \$16,000C. \$16,400D. \$18,000 |
|----|--|