



Maximizing Deductions: Travel, Entertainment, Gifts, and Recordkeeping

Course #3141D

Taxes

2 Credit Hours

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MAXIMIZING DEDUCTIONS: TRAVEL, ENTERTAINMENT, GIFTS, AND RECORDKEEPING

This course includes current information related to transportation expenses, what travel expenses are deductible, the deductibility of meals and entertainment expenses, the restrictions on the deductions for business gifts, and the various recordkeeping requirements.

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

Intro
Travel
Meals and Entertainment
Gifts
Recordkeeping

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.
- Recognize what travel expenses are deductible.
- Identify the restrictions on the deduction for business gifts.
- Recognize the various recordkeeping requirements for travel, gift, and transportation expenses.

NOTICE

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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.

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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

Temporary deduction of 100% business meals. A 100% deduction is allowed for certain business meals paid or incurred after 2020 and before 2023. See *50% limit* in chapter 2 for more information.

Standard mileage rate. For 2022, the standard mileage rate for the cost of operating your car for business use is 58.5 cents per mile from January 1 to June 30 and 62.5 cents per mile from July 1 to December 31.

Car expenses and use of the standard mileage rate are explained in course 3142.

Depreciation limits on cars, trucks, and vans. The first-year limit on the depreciation deduction, special depreciation allowance, and section 179 deduction for vehicles acquired before September 28, 2017, and placed in service during 2022 is \$11,200. 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 2022 is \$19,200. If you elect not to claim a special depreciation allowance for a vehicle placed in service in 2022, the amount is \$11,200. *Depreciation limits* are explained in course 3142.

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 2022 is \$1,080,000. This limit is reduced by the amount by which the cost of section 179 property placed in service during the tax year exceeds \$2,700,000. Section 179 deduction is explained in course 3142.

Also, the maximum section 179 expense deduction for sport utility vehicles placed in service in tax years beginning in 2022 is \$27,000.

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 2022:</p> <ul style="list-style-type: none">A. \$11,200B. \$16,000C. \$17,500D. \$19,200 |
|----|--|

INTRODUCTION: SOLUTION AND SUGGESTED RESPONSES

Below is the solution and suggested responses for the question on the previous page. If you choose an incorrect answer, you should review the page(s) as indicated for the question to ensure comprehension of the material.

- | | |
|----|--|
| 1. | <p>A. Incorrect. If the taxpayer elects not to claim a special depreciation allowance for the vehicle placed in service in 2022, the amount would be \$11,200.</p> <p>B. Incorrect. This amount does not apply to vehicles acquired in 2022.</p> <p>C. Incorrect. This amount does not apply to vehicles acquired in 2022.</p> <p>D. CORRECT. This limit is reduced if the special depreciation allowance is not claimed.</p> |
|----|--|