

Make Your Summer Plans Fully (or at Least Partially) Tax-Deductible

We hope you enjoyed your extended 4th of July weekend.

The start of this summer has been like no other since we celebrated not only our nation's independence, but also the return of our personal freedoms as government-mandated restrictions are loosened or lifted across the country. ***If you're excited to get out and enjoy dining, entertainment, and travel again, just a little extra planning can make your summer plans a business expense and fully, or at least partially, tax-deductible through your dental practice.***

While business meals have only been 50% deductible in prior years, Trump made a change to this rule as part of the COVID relief act passed in December of 2020, which ***temporarily allows meals purchased from restaurants*** to be 100% tax deductible if they are for business purposes. As long as your meals are for a legitimate business purpose, such as taking a patient out to lunch or catering a shareholder meeting, the full cost of the meal can be tax deductible. Note that since this law passed in an effort to help the struggling restaurant industry, prepackaged food purchased from a store is still only 50% deductible. ***Please be sure to distinguish fully deductible from 50% deductible by creating a separate line item in your QuickBooks accounting records for this.***

Want to throw a Labor Day barbeque with the whole office and their families or rent out a golf course for a team-building retreat? ***Meals and entertainment that are primarily for the benefit of your employees continue to be 100% tax deductible!*** As long as there are more staff members involved than owners, you can get creative with ways to have fun with your staff. ***You can code these expenses as "employee benefits"*** for the business purpose of increasing morale or employee retention. Just keep all your receipts and note who attended.

Are you planning a trip this summer? If you can justify its primary purpose as business-related, your trip may be tax deductible. For example, if you are in need of continuing education credits, look into courses that are being held in your desired vacation destinations. If you spend 3 days at a dental conference in Hawaii and stay an extra 2 days for fun in the sun, you may still be able to deduct the full cost of the trip. If your spouse works for your dental practice and is paid a salary, you could also fully deduct their travel costs, as long as there is a business purpose for them joining you on the trip.

This may also be a good opportunity to spend a day visiting another dental practice in your travel location to do some market research on how to improve your own practice. This would add to the time and days spent traveling for business purposes. As long as you spend at least 4 hours each day for most days of the trip doing justifiable business activities and you keep proper records such as receipts, letters, calendars, etc., you can mix business with pleasure and save significant taxes doing so!

Be sure to take advantage of some or all of these tips for a fun and tax-smart summer!

We hope you are enjoying your summer, and as always, feel free to reach out to any one of our Comprehensive Wealth Management team members if you have any questions.