

## **Continuing Education Expenses**

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Although business is business and pleasure is pleasure, the world rarely adheres to absolutes. With the summer vacation season approaching, you may want to mix some leisure days in with your business travel. With a little planning, you can get Uncle Sam to help you out. If you hold a professional designation or certificate, chances are you are required to meet certain continuing education requirements. The IRS allows professionals to deduct expenses incurred to maintain or improve skills required in his business or employment.

In order to deduct education expenses, all of the following conditions must be met:

- 1) you are employed or self-employed;
- 2) you already meet the minimum requirements of your job, business, or profession;
- 3) the course maintains or improves your job or professional skills or you are required to take the course;
- 4) the course does not qualify you for a new profession or business.

Once the course has met the requirements above, you may deduct the costs associated with it. Tuition and seminar expenses are fully deductible expenses. Travel expenses that are a necessary part of the education expenses are also fully deductible. The next question is what about mixed-use trips for education and vacation.

It depends on the nature of the travel and the amount of time spent on education versus personal purposes. When a trip involves both business and pleasure, you can generally deduct lodging and meals only for those days you spend on business. But as long as the primary purpose of the trip is business, you can deduct the entire cost of transportation to your destination. Planning is the key to deductibility in this area. For example, say your planning to take a trip to France, squeezing a one-day seminar into the trip won't be sufficient to make the trip deductible, but you can deduct the part used for business. Don't assume you can turn your summer vacation trip into a totally tax deductible trip simply by adding a bit of business to your itinerary.

Taking your spouse and children along won't imperil any of your business write-offs for the trip, however, when computing your deduction for lodging, the IRS allows you to deduct only what it would cost you to stay at the hotel alone. That means you can deduct the single-occupancy rate for the room. Similarly, if you're traveling by car, you'll be able to deduct the full cost of transportation since you would incur the same cost traveling alone in the car. Of course, if you travel by plane, only your fare would be deductible, not the entire family's.

Corporations may deduct continuing education expenses fully from income to arrive at taxable income. As a self-employed business owner or professional, allowable expenses are fully deductible on Schedule C, or Schedule F (farmers), of your tax return. However, as an employee (W-2), your deduction is limited because it is an itemized deduction. Itemized deductions are deductible on Schedule A of your tax return only to the extent that the total exceeds 2% of your adjusted gross income. Hopefully, with some planning, you can have the best of both worlds – learn something and enjoy it too.