PRIME

TRAVEL EXPENSES



No matter what industry your business caters to, it's not terribly uncommon to travel for business. As an entrepreneur, you're able to deduct your travel expenses to reduce your taxable income. You can even often leverage business travel to incorporate leisure travel if done correctly. The trick is knowing what types of expenses qualify, how to maximize the allowable deductions, and have air-tight justifications for them.

QUALIFICATIONS

There are a few rules of thumb for determining what type of travel constitutes "business travel" and whether it justifies deducting the expenses related to the trip. Note that any business related mileage can be utilized in a deduction, but we'll cover that in our vehicle expenses section. These principles apply to determining eligibility for deducting expenses outside of car mileage, such as lodging, meals, parking, etc.

Purpose

This one is a no-brainer, but it's worth being said—in order to write off your trip as a business expense, the purpose of the trip must be for business. That doesn't mean you can't also participate in leisure activities during your trip, but you should be able to prove that the primary reason for traveling was business related.

Distance

Typically, any travel outside of your normal commuting area can be classified as "business travel"—we consider a radius of 50 miles from your primary residence to be a commuting area. Anything outside of that is a business trip, baby!

Time

Just because you've traveled outside of your standard commuting area doesn't necessarily mean you've got a case for deducting all of the expenses related to the trip. For example, if you attend an hour-long client meeting more than 50 miles from your home and decide to spend the night, you'd be hard-pressed to make a solid case for deducting the hotel bill. If, however, you were to have a second client meeting the next day, you could justify writing off the hotel cost.

IMPLEMENTATION

For a detailed implementation checklist and other helpful resources, scan the QR code below or click here.

Expense Type

We're wading into slightly murkier waters here because there is no clear list of allowable and non-allowable travel expenses. The general rule of thumb is that the expense you are deducting must have been something ordinary and necessary. This an arbitrary phrase, we know, but it's one the IRS actually uses. Generally, "ordinary" means common in your industry, and "necessary" means helpful and appropriate for your business. In other words, it's ordinary to get a hotel room while you're attending a networking convention...but it wouldn't be "necessary" to stay at, say, a Four Seasons for the event, and it might raise a few red flags to the IRS.
As long as they're related to business and are within reasonable level of luxury related to the purpose, it's typically permissible to write off expenses surrounding transportation, lodging, meals, communication costs, and laundry/dry-cleaning.

Travel Mates

If you bring a family member, partner, friend, etc. on a business-related trip with you, it's important to note that you cannot write off their expenses. You can write off the expenses that covered the both of you, like a rental car or a hotel room, but you cannot deduct the cost of their plane ticket.



MAKE THE MOST OF YOUR TRIP!

Wrap-Around Weekend

One way to really maximize your travel deduction and your opportunity to travel is to take advantage of a wrap-around weekend. This is where you plan business activities toward the end of one week and the beginning of the next—say, client consultations on Thursday and Friday and a training meeting on Monday—in order to be able to actively write off the entirety of your expenses. This way, you can use Saturday and Sunday to do the fun personal activities you'd been favoriting on Pinterest without the IRS classifying the trip as inherently personal. You can search the per diem rates for any given city here: gsa.gov/travel

City Per Diems

If you're not a luxury traveler and want to get a little more juice out of your deductions, consider listing city per diem rates as your meal and lodging expenses instead of your actual. For example, as of January 2026, the US General Services Administration lists Las Vegas per diem rates as $126–159/night for lodging and $86/day for meals. If you spend less on both lodging and meals, you can still deduct the city's per diems for a higher deduction allowance!

GOT QUESTIONS?

Email **decoder@primecorporateservices.com**
or contact **(855) 577-4639** for more information.

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