



"The More You Know, The Less You Owe"

Now That's Entertainment!

Your goal as a business owner is to maximize your business deductions, so that you can minimize your personal taxes. In other words, if the company can pay for something with pre-tax dollars, then you won't have to pay for it with after tax dollars. Well, one of the best places to start is to learn about entertainment deductions for your business.

When we talk about entertainment deductions we are usually talking about meals, and potentially associated entertainment.

Now there are 3 basic rules.

- 1.) *Your entertainment deduction is limited to 50 percent.*
- 2.) *There is not a receipt requirement of the expense, if it is under \$75.*
- 3.) *You must talk business before, during or after the meal*

Now what confuses business owners sometimes is that in addition to the basic rules, there is a mandatory substantiation requirement under **IRC 274**. In other words, while you don't have to keep a receipt of your meal, you still must record the big 5 in a tax diary or book keeping system.

These are the necessary legal requirements for you to deduct your meals with prospects. This should be recorded in a timely manner.

- 1.) *Who did you meet with?*
- 2.) *Where did you meet?*
- 3.) *When did you meet?*
- 4.) *Why did you meet with them?*
- 5.) *How much did it cost?*

Get into the habit of filling out your deductions in a tax organizer or daily diary, and you will save thousands-and you will have that peace of mind of never worrying about an IRS audit.

Strategy Tips

Strategy Tip #1: Expand the group.

Prospects are not just clients or soon to be clients. Friends, neighbors and family members can be great sources for referrals. Besides, don't they always ask us, "How's business?" anyway.

Strategy Tip #2: Expand the venue.

Normally we think of business meals being at restaurants. However, what about your home? Deduct your business entertainment at your home too. Remember Strategy Tip #1 almost anyone can be a legitimate business prospect!

Strategy Tip #3: What about your spouse?

As a general rule, you cannot deduct a meal with your spouse or significant other. However, if you go out with a prospect and they bring their spouse or significant other, you can bring yours too. Now it is deductible!

Strategy Tip #4: Entertainment vs.

Promotion. Remember business entertainment is only 50% deductible. However, business promotion is 100% deductible. What is the difference? Give a sales seminars and or presentations in your home.

To get your FREE
**Entertainment Deductions
Quick Fact Sheet**

give us a call at
877-836-9691

Upcoming Webinar January 25, 2012

If you are interested in discovering more about the opportunities that are available to you and your business through the business entertainment deduction, get enrolled in our upcoming webinar on January 25th, 2012 at 3:00 PM PST.

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