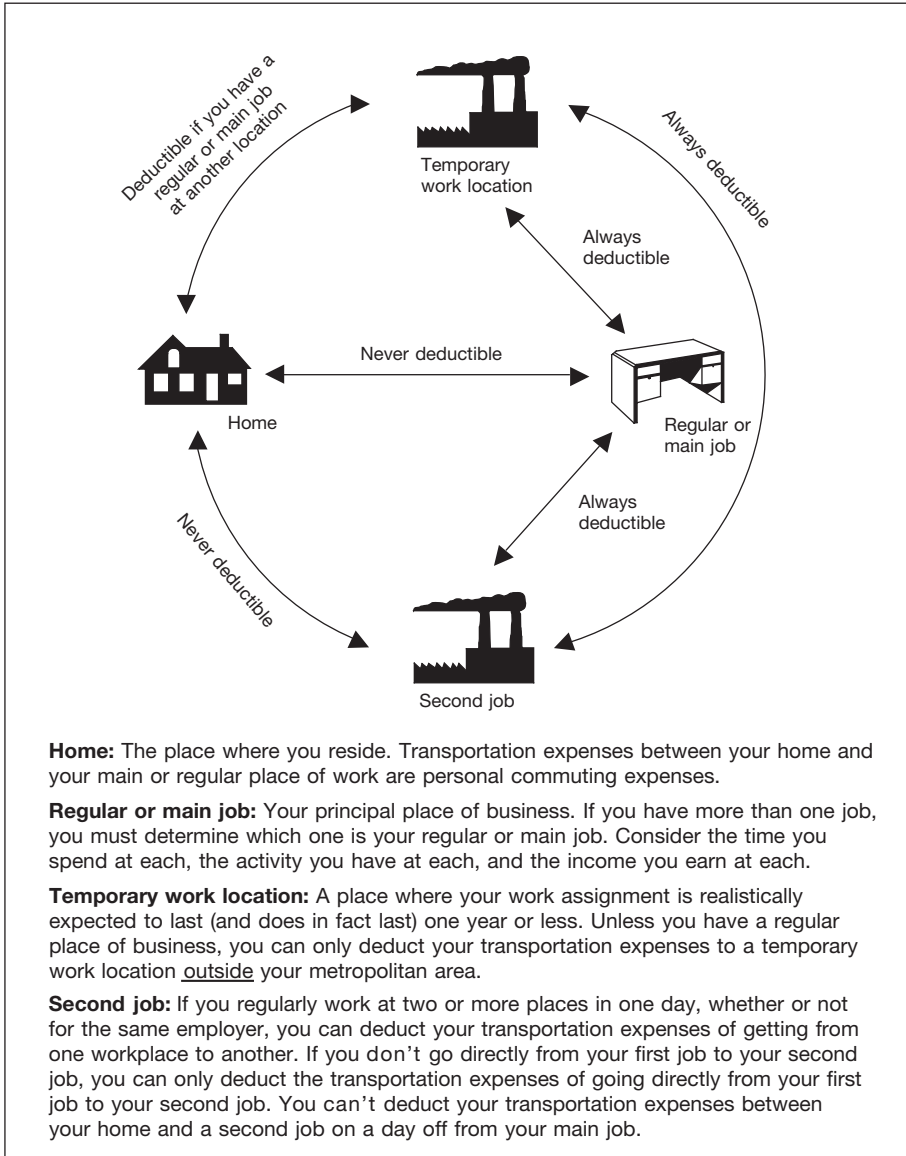


Figure B. When Are Transportation Expenses Deductible?

Most employees and self-employed persons can use this chart. (Don't use this chart if your home is your principal place of business. See [Office in the home](#).)



game or other performance as one event. For example, renting a skybox for a series of playoff games is considered renting it for more than one event. All skyboxes you rent in the same arena, along with any rentals by related parties, are considered in making this determination.

Related parties include:

- Family members (spouses, ancestors, and lineal descendants),
- Parties who have made a reciprocal arrangement involving the sharing of skyboxes,
- Related corporations,
- A partnership and its principal partners, and
- A corporation and a partnership with common ownership.

Example. You pay \$3,000 to rent a 10-seat skybox at Team Stadium for three baseball games. The cost of regular nonluxury box seats at each event is \$30 a seat. You can deduct

(subject to the 50% limit) \$900 ((10 seats × \$30 each) × 3 events).

Food and beverages in skybox seats. If expenses for food and beverages are separately stated, you can deduct these expenses in addition to the amounts allowable for the skybox, subject to the requirements and limits that apply. The amounts separately stated for food and beverages must be reasonable. You can't inflate the charges for food and beverages to avoid the limited deduction for skybox rentals.

What Entertainment Expenses Aren't Deductible?

This section explains different types of entertainment expenses you generally may not be able to deduct.

Club dues and membership fees. You can't deduct dues (including initiation fees) for membership in any club organized for:

- Business,
- Pleasure,
- Recreation, or
- Other social purpose.

This rule applies to any membership organization if one of its principal purposes is either:

- To conduct entertainment activities for members or their guests; or
- To provide members or their guests with access to entertainment facilities, discussed later.

The purposes and activities of a club, not its name, will determine whether or not you can deduct the dues. You can't deduct dues paid to:

- Country clubs,
- Golf and athletic clubs,
- Airline clubs,
- Hotel clubs, and
- Clubs operated to provide meals under circumstances generally considered to be conducive to business discussions.

Entertainment facilities. Generally, you can't deduct any expense for the use of an entertainment facility. This includes expenses for depreciation and operating costs such as rent, utilities, maintenance, and protection.

An entertainment facility is any property you own, rent, or use for entertainment. Examples include a yacht, hunting lodge, fishing camp, swimming pool, tennis court, bowling alley, car, airplane, apartment, hotel suite, or home in a vacation resort.

Out-of-pocket expenses. You can deduct out-of-pocket expenses, such as for food and beverages, catering, gas, and fishing bait, that you provided during entertainment at a facility. These aren't expenses for the use of an entertainment facility. However, these expenses are subject to the [directly related](#) and [associated](#) tests and to the [50% limit](#), all discussed earlier.

Expenses for spouses. You generally can't deduct the cost of entertainment for your spouse or for the spouse of a customer. However, you can deduct these costs if you can show you had a clear business purpose, rather than a personal or social purpose, for providing the entertainment.

Example. You entertain a customer. The cost is an ordinary and necessary business expense and is allowed under the entertainment rules. The customer's spouse joins you because it is impractical to entertain the customer without the spouse. You can deduct the cost of entertaining the customer's spouse. If your spouse joins the party because the customer's spouse is present, the cost of the entertainment for your spouse is also deductible.

Gift or entertainment. Any item that might be considered either a gift or entertainment generally will be considered entertainment. However, if you give a customer packaged food or beverages that you intend the customer to use at a later date, treat it as a gift.

If you give a customer tickets to a theater performance or sporting event and you don't go