

GUIDELINES AND POLICIES

CONVENTION EXPENSES

When are convention expenses deductible?

You can deduct from business income expenses incurred from attending up to two conventions held during the year.

The following conditions apply:

- The convention must be held in the same year as you are claiming the deduction.
- **The expenses must be paid in the year (not simply incurred or payable).**
- The convention is held by a business or professional organization “at a location that may reasonably be regarded as consistent with the territorial scope of that organization”. The Canada-U.S. tax treaty provides that a convention held in the U.S. will qualify if it would otherwise qualify if held in Canada.
- You must attend the convention “in connection with” your business or professional practice; however you do not need to be a member of the organization sponsoring the convention.

DEDUCTIBILITY BEYOND THESE RESTRICTIONS

Subsection 20(10), referred to above, is a permissive provision, not a restrictive one. Therefore, if attendance at a convention can be justified as being an expense for purpose of gaining or producing income, and not on account of capital, it should be deductible anyway without being subject to the restriction of only two conventions per year and the other conditions.

MEALS AND ENTERTAINMENT

Only 50% of amounts paid for food, beverages or entertainment qualify as a deduction from business income generally. This rule applies to conventions as well. Where the convention fee entitles you to meals and entertainment without specifying a separate price for them, \$50 per day is deemed to be for the meals and entertainment. Thus, \$25 per day of the convention fee becomes non-deductible.

EMPLOYEES

Since the deduction for conventions is from business income, employees cannot claim a deduction for such expenses. If an employer requires an employee to attend a convention, reimbursement of expenses of attending will generally not be taxable except to the extent there is a personal element to the benefit of attending. If an employee's spouse attends a convention (or travels to it without being registered) and the employer pays, the spouse's attendance is normally considered a taxable benefit to the employee. However, Revenue Canada considers that it will not be a taxable benefit if the spouse was requested by the employer to go and “the main purpose for going was to assist in attaining the business objectives of the trip”.

HOSPITALITY SUITES

Members are requested not to have formal Hospitality Suites during ABC from 4:00 pm Sunday through Tuesday night. Members may invite small groups for informal hospitality by word of mouth.