

## Key Deductions

**CONTINUING EDUCATION:** Educational expenses are deductible under either of two conditions: (1) Your employer requires the education in order for you to keep your job or rate of pay; or (2) The education maintains or improves skills in the entertainment profession. The costs of courses that are taken to meet the minimum requirements of a job, or that qualify you for a new trade or business, are NOT deductible.

**PROMOTIONAL EXPENSES & SUPPLIES:** Generally, to be deductible, items must be ordinary and necessary to your profession as an entertainer. Record separately from other supplies, items costing over \$100 and having a useful life of more than one year. These items must be recovered differently on your tax return than other recurring, everyday business expenses.

If you incur expenses while looking for a job in your entertainment field, they may be deductible. You do not actually have to obtain a new job in order to deduct the expenses. Out-of-town job seeking expenses are deductible only if the main purpose of the trip is job search, not pursuing personal activities.

**TELEPHONE EXPENSES:** The basic local telephone service costs of the first telephone line provided in your residence are not deductible. However, toll calls from that line are deductible if the calls are business-related. The costs (basic fee and toll calls) of a second line in your home are also deductible, if used exclusively for business.

**AUTO TRAVEL:** Your auto expense is based on the number of qualified business miles you drive. Expenses for travel between business locations are deductible; include them as business miles. Your trips between home and a permanent work location or between one or more regular places of work are COMMUTING and are NOT deductible.



Document business miles in a record book as follows: (1) Give the date and business purpose of each trip; (2) Note the place to which you traveled; (3) Record the number of business miles; (4) Record your car's odometer reading at both the beginning and end of the tax year. Keep receipts for all car operating expenses ñ gas, oil, repairs, insurance, etc., and of any reimbursement you received for your expenses.

**TRAVEL ñ OUT-OF-TOWN:** Unreimbursed expenses of traveling away from ìhomeî overnight on job-related trips are deductible. Your ìhomeî is generally considered to be the entire city or general area where your principal place of employment is located. Out-of-town expenses include transportation, meals, lodging, tips, and miscellaneous items like laundry, valet, etc.

Document away-from-home expenses by noting the date, destination, and business purpose of your trip. Record business miles if you drove to the out-of-town location. In addition, keep a detailed record of your expenses ñ lodging, public transportation, meals, etc. Always list meals and lodging separately in your records. Receipts must be retained for each lodging expense. However, if any other business expense is less than \$75, a receipt is not necessary if you record all of the information in a timely diary. You must keep track of the full amount of meal and entertainment expenses even though only a portion of the amount may be deductible.

**EQUIPMENT PURCHASES:**

Equipment purchases such as musical instruments or telephone answering machines are shown differently on your tax return than are general job-related supplies. Keep documentation for these items separate from everyday expenses so that they may be easily identified when your return is prepared.