

**Tax Tip**  
**Week of August 2, 2010**

**Spousal Travel**

When a spouse accompanies an employee on a business trip, any payment or reimbursement by the employer of the spouse's traveling expenses will be a taxable benefit to the employee, unless the spouse's attendance was requested by the employer in order to achieve the business objectives of the trip. It is important employers document corporate approvals and the business objectives to be achieved by the spouse's attendance prior to the time of the trip. One factor considered by the tax department is whether there was spouse's agenda at the meeting. For example, if there was a banquet and dance on a specific evening, this would imply spouses are required for business purposes, i.e., the other participants were expected to bring their spouse. If customers were taking their spouses, this would be a factor supporting the inclusion of the employee's spouse to achieve a business objective. Most business events can be categorized into business, training or social. If the spouse's attendance falls into the business category, the tax department will be less likely to assess a benefit. However, the onus is on the employer to convince the tax department the spouse's attendance was not a perk for the employee.

If a trip or meeting is composed exclusively of employees and their spouses, it will be difficult to convince the tax department there was no personal benefit related to spouse's attendance. If the meeting includes customers or suppliers and their spouses, there is less chance the auditor will assess a taxable benefit for the spouse's attendance.