

Tax Tip
Week of March 22, 2010

Convention Expense Tax Trap

CRA's policy on meals and entertainment result in numerous reassessments based on how they apply the rules to conventions and seminars. It is standard fare at a convention or seminar to include meals or refreshments.

If the convention or seminar includes one or more meals, CRA assumes the cost of the meals is \$50 per day. In most cases the cost of meals is not broken out separately from the cost of the seminar. Since CRA allocates \$50 per day to meals and entertainment, only 50% of the cost of meals is deductible for tax purposes. This results in a non-deductible item for tax purposes which is commonly overlooked until discovered by CRA during an audit.

For purposes of this policy incidental beverages and refreshments made available during the course of meetings or receptions, such as coffee, juice, doughnuts and muffins, are ignored.