

IRS Documentation Requirements for Travel & Meal Expenses

What Constitutes Proper Substantiation for Tax Deductions (Per IRC §274(d) & Publication 463)

Category	Documentation Item	Sufficient	Insufficient	Notes / IRS Guidance
SECTION	REQUIRED DOCUMENTATION ELEMENTS			
TRAVEL: THE FIVE REQUIRED ELEMENTS FOR ALL TRAVEL EXPENSES				
Element	Documentation Item	Sufficient	Insufficient	Notes
1. AMOUNT	Cost of each separate expense (transportation, lodging, meals itemized)	✓		Must show individual amounts, not combined totals
	Itemized receipt showing breakdown	✓		
	Credit card statement alone		✗	Shows payment occurred but not what was purchased
	Bank statement alone		✗	Proves payment only, not business nature
2. TIME	Dates of departure and return	✓		Record contemporaneously (at or near the time)
	Number of days spent on business	✓		
	Calendar or diary entries	✓		Must be made at time of expense, not reconstructed later
	Memory alone without written record		✗	IRS requires contemporaneous documentation
3. PLACE	Name and location of destination(s)	✓		City or specific address
	Hotel folio with address	✓		
	Airline/train tickets showing route	✓		
	Vague description ('out of town')		✗	Must be specific
4. BUSINESS PURPOSE	Written explanation of business reason for travel	✓		Why the trip was necessary
	Meeting agenda, conference registration	✓		Supporting documents strengthen the record
	Client correspondence related to trip	✓		
	No documented purpose		✗	Automatic disallowance risk
5. BUSINESS RELATIONSHIP	Names/titles of people met	✓		For client visits, conferences, etc.
	Company names and nature of business discussion	✓		
	Only vague references ('met clients')		✗	Must identify specific individuals or companies
MEALS: THE FIVE REQUIRED ELEMENTS FOR BUSINESS MEAL EXPENSES				
Element	Documentation Item	Sufficient	Insufficient	Notes
1. AMOUNT	Receipt showing total including tax and tip	✓		Tips and taxes are part of deductible amount
	Itemized restaurant receipt	✓		Best evidence
	Credit card receipt with tip added (no itemization)		~	Acceptable under \$75 with other records
	Credit card statement alone		✗	Never sufficient for meals
2. DATE & TIME	Date of the meal	✓		
	Approximate time spent (lunch, dinner)	✓		Helps establish business context
	Calendar entry for the meeting	✓		Contemporaneous record
3. PLACE	Name and address of restaurant/venue	✓		
	Restaurant receipt with printed name/address	✓		
	Only city name without specific venue		✗	Must identify actual establishment
4. BUSINESS PURPOSE	Description of business discussed	✓		What topics were covered
	Nature of business benefit expected	✓		Why this meal advanced business interests
	Notes from discussion	✓		Strengthens substantiation
	'Client entertainment' without specifics		✗	Too vague
	No business discussion at all		✗	Meal becomes non-deductible
5. BUSINESS RELATIONSHIP	Names of all attendees	✓		Everyone present at the meal
	Their titles or occupations	✓		
	Company affiliations	✓		
	Business relationship to taxpayer	✓		Client, vendor, prospect, employee, etc.
	Only number of people ('party of 4')		✗	Must identify individuals
RECEIPT: RECEIPT REQUIREMENTS BY THRESHOLD				
Element	Documentation Item	Sufficient	Insufficient	Notes
\$75+ EXPENSES	Physical or digital receipt required	✓		No exceptions for amounts \$75 or more
	Lost receipt with detailed contemporaneous log		~	May be accepted with corroborating evidence
	Credit card statement for \$75+ expense		✗	Receipt required regardless
UNDER \$75	Detailed written log (amount, date, place, purpose)	✓		Receipt not strictly required
	Receipt (still recommended)	✓		Best practice even when not required
	No documentation at all		✗	Still need written substantiation
LODGING	Receipt required regardless of amount	✓		Special rule: lodging always needs receipt
	Hotel folio with dates and room rate	✓		Must show nightly rate breakdown
	Confirmation email without final bill		✗	Need actual charges, not just reservation
RECORDS: RECORD-KEEPING BEST PRACTICES				
Element	Documentation Item	Sufficient	Insufficient	Notes
TIMING	Records made at or near time of expense	✓		'Contemporaneous' is key IRS requirement
	Daily or weekly expense log	✓		
	Records reconstructed months later		✗	Loses credibility; may be disallowed
FORMAT	Account book, diary, log, or digital app	✓		Any organized system is acceptable
	Scanned/photographed receipts	✓		Digital copies accepted
	Loose receipts in a shoebox		~	Acceptable if complete, but risky
RETENTION	Keep records minimum 3 years from filing date	✓		IRS standard audit window
	6 years if income underreported by 25%+	✓		Extended statute of limitations
	Indefinitely for fraud situations	✓		No time limit on fraud



Holden Moss
Certified Public Accountants

Expect Different Results