



Tax Reduction Letter

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Private Letter Ruling 8228075

April 15, 1982

This is in reply to your letter of *** regarding a ruling as to the deductibility of the cost of a medical convention to be held in *** and attended by physicians who are members of X.

Section 162(a)(2) of the Internal Revenue Code allows as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on a trade or business including traveling expenses (including amounts expended for meals and lodging other than amounts which are lavish or extravagant under the circumstances) while away from home in the pursuit of a trade or business.

Section 274(h)(1) of the Code provides in pertinent part that:

In the case of an individual who attends a convention, seminar, or similar meeting which is held outside the North American area, no deduction shall be allowed under section 162 or 212 for expenses allocable to such meeting unless the taxpayer establishes that the meeting is directly related to the active conduct of his trade or business or to an activity described in section 212 . . . after taking into account . . . the purpose of the meeting and its activities, the purposes and activities of the sponsoring group, the residences of the active members of the group, the places of the group's other meetings, and any other relevant factor . . . [and] it is as reasonable for the meeting to be held outside the North American area as within the North American area.

Section 274(h)(3)(A) of the Code defines the North American area as the United States, its possessions, and the Trust Territory of the Pacific Islands, and Canada and Mexico. By treaty Jamaica is also included in this definition.

In your case, the residences of the active members of X (the primary sponsoring organization) are within *** The purposes and activities of X center around a dissemination of medical knowledge and other activities useful to those physicians in ***

Section 4 of Pub. L. No. 96-608, 96th Cong., 2d Sess. (1980), which amended section 274(h) of the Code also provides that if a convention was scheduled on or before December 31, 1980, the taxpayer may elect to have old law apply. However, a definite commitment must have been made to hold the convention at a particular time and place. Actual hotel bookings, travel reservations, and similar facts will be considered in making this determination.

Based upon the facts as presented, the activities of the medical convention do not require it to be held outside the North American area. Further, no reason other than tradition has been given to show a commitment to hold the convention at a definite time and place.

Therefore, we conclude that the expenses you will incur to attend the medical convention, *** are not deductible under either section 162 or 274 of the Code.

This ruling is directed only to the taxpayer to whom this letter is addressed. Section 6110(j)(3) of the Code provides that it may not be used or cited as precedent.

Anthony Manzanares, Jr.

Chief, Individual Income Tax Branch