

FOCUS ON FUN

- ❖ As many of our readers are aware, the IRS can be a stickler when it comes to documentation for entertainment type expenses. It has been suggested that when it comes to meals/dining, the following are good recommendations relevant to supporting a tax deduction. Have a photo of all the people in the party – but taken before the second round of drinks so that they can be better recognized. The menu should be provided to the auditor, showing the items ordered, and their prices. If the menu is in a foreign language, an English language copy, signed by a UN certified interpreter with Berlitz training, and certified by a Notary Public must be attached. It was also recommended if you were looking to deduct flowers that were sent to a patient in a hospital, that you need the patient to sign the receipt acknowledging the gift of the flowers. However, if the patient died before he/she was able to sign the receipt, an acceptable alternative is a notarized statement from the Head Nurse giving his/her name and title, along with registration number, date and time of receipt of the flowers, and the type and number of the flowers. In case of a mixed bouquet, the color, type and number of each flower should be shown. However, the IRS has agreed that the customary surrounding greenery need not be detailed since it's usually furnished free.
- ❖ In the area of estate taxation, involving a case in West Virginia, a marital deduction was not allowed for property that passed to a surviving spouse, when that surviving spouse happened to have been convicted of murdering her husband. This was a reversal of a prior decision. Apparently applicable state law denied inheritance to convicted felons, and thus the property at issue did not pass from the decedent to his surviving spouse, as required to qualify for the deduction. The original decision, which was overturned in this reversal, granted the deduction because at that time, the surviving spouse, while under indictment for murder, had fled the jurisdiction, thereby negating the application under West Virginia law. Fortunately, subsequently, that person was apprehended and convicted in West Virginia. This may be one extreme interpretation of state's rights.