Business Expense

* Inter-trade expense?

Section 212 Expense

* Expense paid for the creation of income, management of property,
* Subject to a 2% floor
* Deduct COGS

Lobbying Expenses

* Not deductible

**Excessive Executive Compensation**

* You cannot pay them too much money and then deduct it.
* General rule, $1M max w/o special planning. You cannot deduct the salary expense beyond the $1M.

**Hobby Losses**

* If you make a profit out of this out of the last 3 of 5 years there is a presumption you’re in the business.

**Vacation Homes**

* Primarily Personal
  + < 15 days
  + Tax free!
* Primarily Rental
  + > 15 days
  + Don’t use it more than 14 days per year for personal use **OR** 10% of days rented
  + Make an allocation **AND** can generate losses
* Mixed Use
  + Allocation of expenses
  + Limited to income only

Related Parties:

* Section 267
* Brothers & Sisters, Spouses, Parents, Grandparents, etc (lineal descendants, ascendants, and siblings)