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## **I WORK AWAY FROM HOME, WHAT DEDUCTIONS ARE AVAILABLE TO ME?**

Deductible unreimbursed employee expenses generally include meals, lodging and travel expenses. These costs are deductible to the extent they are not reimbursed by the employer (per diem). These unreimbursed expenses are deducted on Schedule A itemized deductions of the taxpayer's Form 1040 individual income tax return. Travel expenses may be the cost of airline tickets (or other mode of transportation) or miles driven on a personal vehicle for a business purpose multiplied by the current per mile business rate.

The key concept to keep in mind regarding these deductible expenses is the term "tax home." The tax home is generally the principal residence of the taxpayer. When can that change?

When working away from home on a temporary basis, the tax home remains the principal residence. The IRS has ruled that if employment away from home in a single location is realistically expected to last (and does last) for one year or less, the employment will be treated as temporary.

Unfortunately, if the employment situation is expected to continue longer than twelve months, the tax home is shifted to the location of employment. That means the employee is no longer working "away from home" and cannot claim meals, lodging and travel as unreimbursed employee expenses.

If employment away from home in a single location initially is expected to last for one year or less, then later is realistically expected to exceed one year, the employment will be treated as temporary until the date that the taxpayer's realistic expectation changes; thus unreimbursed expenses up to the date expectation changes are deductible and after that date, they are not.

You may wonder if you can deduct the travel to get to your employment, back home to your family and then back to work. Unfortunately, this is considered your "commute" to work, therefore non-deductible.

What then is deductible? There are still some expenses that would be deductible as long as receipts or a business mileage log are maintained. It is critical to substantiate these deductions. If you are using your personal vehicle at work, keep track of miles driven from the main office to any worksite or sites and back to the main office. That is still deductible business miles. If you are required to purchase safety equipment for job purposes and are not reimbursed, you may include that in deductible expenses. Again, these and other job-related expenses that you pay out of pocket MUST have supporting documentation or receipts.

If you are working away from home and wish to determine your "tax home" status, we are here to help.