

## ISSUE 3: BUSINESS TRAVEL DEDUCTIONS FOR REMOTE WORKERS

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Working from home and remote working – may have more than one place of business, or no place of business.

Consider:

- Business purpose of travel

- Others traveling

- International consideration

- Substantiation

- Reimbursement

## BUSINESS PURPOSE OF TRAVEL

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Travel is deductible if solely for business and away from home

Required to be away from tax home longer than an ordinary workday and need to sleep / rest while away to meet work needs

Establish the tax home under Rev. Rul. 93-86, 1993-2 C.B. 71

- Regular or principal place of business, or
- Taxpayer's abode in a real and substantial sense if no regular place of business
- Taxpayer may be itinerant-no regular

## EXAMPLE 4.21 REMOTE WORKER-HOME BASED <sup>8147</sup>

Levi Abraham lives in PA and works remote from home

Services for NY, NJ, and DE companies

90% of time is spent working from home

Business travel to support clients is deductible

## EXAMPLE 4.22 ITINERANT WORKER

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Bethany Larson is single and works as a travel nurse

Works 2-3 months then moves to another hospital

Housing provided by hospital

Stays with sister in NC a couple weekends per year. Pays no rent and does not work while in NC

Bethany is itinerant and does not have a tax home

## OTHERS TRAVELING

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Cost for others traveling with the taxpayer with no business purpose are not deductible expenses

Valid business purpose for the added traveler, expenses are deductible

Example 4.24. Jerry travels for business. Wife Linda performs incidental services. Shared hotel room or shared car costs do not have to be allocated but Jerry cannot deduct other travel expenses for Linda

# INTERNATIONAL CONSIDERATIONS

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Travel outside the US may be fully deductible if the trip is all business. The trip is deemed all business if one of the four exceptions are met:

- No substantial control over arranging

- Outside the US for a week or less

- Outside the US more than a week but less than 25% non-business

- Personal vacation was not a major consideration

If no exception met, then allocate between business and personal

# SUBSTANTIATION

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Absent substantiation the travel deductions are not allowed.  
The taxpayer must have the following:

- Dates of departure and return including the days spent on business
- Place of travel
- Business purpose

Include receipts, paid bills, and/or similar evidence

# REIMBURSEMENT

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Employer w/ an accountable plan - reimbursements are not included in the employee's income

An acceptable plan includes the following requirements:

1. Expenses have a business connection
2. Expenses are timely substantiated
3. Employee timely returns excess reimbursements