ISSUE 3: BUSINESS TRAVEL DEDUCTIONS FOR REMOTE WORKERS

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
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 business place
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.
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.
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.
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
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

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

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