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especially if you're pursuing an advanced degree. Nevertheless, an accountant in a new Tax Court case was able write off the costs of an MBA program.

Aug. 29, 2016



The kids aren't the only ones getting ready to go back to school. Adults who have already started their careers may be embarking on a graduate degree or trying to brush up on the latest developments in their field. Maybe you're thinking about furthering polishing your own skills or branching out.

Is the cost of the education deductible? The odds are often stacked against it,

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However, even if you satisfy one of these two requirements, your deduction will still be denied if either of the following is true.

- The education is needed to meet the minimum educational requirements of your present trade or business.
- The education is part of a study program that will qualify you for a new trade or business.

The last point is where the taxpayers and the IRS disagree. If you're taking courses that ultimately lead to an advanced degree, like a Masters of Business Administration (MBA), the IRS might say that the studies qualify you for a new trade or business, even if you don't intend to switch fields. Usually, taxpayers lose out when this issue is contested in the courts.

For instance, in a new case decided by the Tax Court earlier this year, a CPA was denied deductions for the cost of attending law school (Santos, TC Memo 2016-100, 5/17/16). But taxpayers refuse to give up the ship. In the latest example, an accountant by training managed to beat the IRS at its own game.

Facts: The taxpayer was a controller for Marriot Hotels at Los Angeles International Airport (LAX). He was responsible for managing employees, reviewing employee performance in different departments and helping to hire and train employees. Among other duties, the taxpayer prepared financial reports, created budgets, analyzed financial data, produced forecasts to enable reaction to business changes and monitored performance. Also, he conducted audits, prepared an accounting of taxes, prepared financial reports according to generally accepted accounting principles (GAAP), enforced internal controls, reconciled balance sheets and ensured compliance with reporting requirements.

After the taxpayer enrolled in the MBA program at Brigham Young University, he lost

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Summary Opinion 2016-35, 8/2/16).

Assuming you qualify for a deduction, you can write off expenses like tuition, books, laptops, lab fees, supplies and similar items; the costs of writing, researching and preparing term papers; and certain travel and transportation expenses. However, business education expenses must be deducted as miscellaneous expenses, subject to the usual threshold of 2% of adjusted gross income (AGI). If you don't clear the 2%-of-AGI hurdle, none of the expenses are deductible on your tax return.

Accounting

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