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NEWS

How to Get a Tax Break for Temporary Work Assignments

The IRS often views business travel expense deductions with a healthy dose of skepticism. Consult with your professional tax advisor to ensure you're on firm ground.

Ken Berry • Sep. 12, 2023



If you travel away from your tax home on business in your vehicle, you can deduct your gas and related expenses. However, you generally can't write off the regular expenses of getting back and forth from work, even if you travel a long distance each day. The IRS considers this daily commute to be a nondeductible personal expense.

Conversely, suppose you're working on a project that takes you far away from home for several months. In that case, you may qualify for a special tax law exception if this temporary assignment lasts less than one year. As a result, you may be able to deduct your travel expenses between your home and the temporary job site.

However, if the assignment lasts indefinitely, you won't qualify for deductions under this special tax law exception. It all has to do with the way the IRS defines your "tax home" and "temporary assignments" for tax purposes. Let's take a closer look.

Basic rules: If your assignment or job away from your main place of work is temporary, your tax home doesn't change. You're considered to be away from home for the entire period while you're away from your main place of work. Accordingly, you can write off your travel expenses if they otherwise qualify for deductions.

Generally, a temporary assignment in a single location is one that is realistically expected to last (and does in fact last) for one year or less. However, if your assignment or job is indefinite, the location of the assignment or job becomes your new tax home. Thus, you can't deduct your travel expenses while you're there.

An assignment or job in a single location is considered indefinite if it is realistically expected to last for more than one year—whether or not it actually lasts for more than one year.

If your assignment is indefinite, you must include in your income any amounts received from your employer for living expenses, even if they are called travel allowances and you account to your employer for them.

Note: Previously, employees could personally deduct unreimbursed travel expenses as miscellaneous expenses, subject to a floor of 2% of adjusted gross income (AGI). But the Tax Cuts and Jobs Act (TCJA) suspends the miscellaneous expense deduction for 2018 through 2025. Thus, this is not currently an option, regardless of AGI.

Finally, remember to carefully observe the rules stated above and keep the requisite records to back up your claims. If you handle things the right way, you may even be able to deduct your travel expenses of coming home on the weekend after spending the workweek at a temporary job site.

Caution: The IRS often views business travel expense deductions with a healthy dose of skepticism. Consult with your professional tax advisor to ensure you're on firm ground.

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