Form **2106**

Department of the Treasury
Internal Revenue Service

Employee Business Expenses

(Please use Form 3903 to figure moving expense deduction.)

▶ **Attach to Form 1040.**

OMB No. 1545-0139

1983

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Your name	Social security number	Occupation in which expenses were incurred

Employer's name	Employer's address

PART I.—Employee Business Expenses Deductible in Figuring Adjusted Gross Income on Form 1040, Line 32

1	Reimbursed and unreimbursed fares for airplane, boat, bus, taxicab, train, etc.	1	
2	Reimbursed and unreimbursed meal, lodging, and other expenses while away from your tax home.	2	
3	Reimbursed and unreimbursed car expenses from Part II.	3	
4	Reimbursed and unreimbursed outside salesperson's expenses other than those shown on lines 1 through 3. **Caution:** *Do not use this line unless you are an outside salesperson (see instructions)*	4	
5	Reimbursed expenses other than those shown on lines 1 through 3 (see instructions)	5	
6	Add lines 1 through 5	6	
7	Employer's payments for these expenses only if not included on Form W-2	7	
8	If line 6 is more than line 7, subtract line 7 from line 6. Enter here and on Form 1040, line 24	8	
9	If line 7 is more than line 6, subtract line 6 from line 7. Enter here and on Form 1040, line 7	9	

1 Did you need this education to meet the basic requirements for your business or profession? ☐ Yes ☐ No

2 Will this study program qualify you for a new business or profession? ☐ Yes ☐ No

Note: *If your answer to question 1 or 2 is "Yes," stop here. You cannot deduct these expenses, even if you do not intend to change your business or profession.*

3 If "No," list the courses you took and their relationship to your business or profession ▶

For Paperwork Reduction Act Notice, see instructions on back.

General Instructions

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Purpose of Form.—This form is used to show employee business expenses. Use this form or a similar statement if you **are not an outside salesperson** and have reimbursed or unreimbursed transportation, travel away from home, and car expenses and other expenses that are reimbursed, or if you **are an outside salesperson** and have reimbursed and unreimbursed business expenses. You do not have to use this form or similar statement if you were required to and did account to your employer and any of the following apply to you:

- Expenses are equal to the total of your reimbursements and allowances,
- Expenses are more than the total of your reimbursements and allowances and you do not deduct the excess expenses, or
- Expenses are less than your reimbursements and allowances and your employer does not include the total reimbursements and allowances on Form W-2. In this case, include the amount by which the reimbursements and allowances are more than your expenses on line 7, Form 1040.

Also, complete and file Form 2106 if you have deductible educational expenses. See the instructions for Part III.

Expenses to include.—Only include expenses you paid or incurred in 1983 in connection with services you performed as an employee.

Outside salesperson.—You are an outside salesperson if you do your selling away from your employer's place of business. **You are not** an outside salesperson if your main duties are service and delivery or if you are required to sell at your employer's place of business.

Accounting to your employer.— This is giving your employer documentary evidence and an account book, diary, or similar record in which you entered each expense at or near the time you made it.

Tax home.—Generally, your tax home is your main place of business or post of duty, regardless of where you maintain your family home.

Publications.—See the following publications for more information about employee business expenses and the records you must keep: **Publication 463,** Travel, Entertainment, and Gift Expenses. **Publication 508,** Educational Expenses. **Publication 529,** Miscellaneous Deductions. **Publication 534,** Depreciation. **Publication 587,** Business Use of Your Home.

Specific Instructions

Part I

Line 1.—Fares include fares for local business transportation as well as fares for business travel away from home. **Do not include** fares for commuting to and from work. Also include tips, baggage charges, charges for transporting sample and display material, and similar expenses.

Line 2.—Other expenses include tips, cleaning and laundry, telephone and telegraph, public stenographer's fees, and similar expenses.

Standard meal allowance.—Instead of actual cost, you generally may include your expenses for meals at $14 a day when you are in a general area less than 30 days and at $9 a day if you are in a general area 30 days or more. For more information, see Publication 463.

Line 4.—Include all your expenses not shown on lines 1 through 3. These include entertainment, gift, publications, and similar expenses and expenses for employment-related education, such as tuition, books, supplies, lab fees, etc. See the instructions for Part III.

Line 5.—Include reimbursed expenses other than those shown on lines 1 through 3 (see line 4 instructions). **Do not use** this line for reimbursed outside salesperson expenses. If you were reimbursed in full, enter the total expenses. If you were partially reimbursed, enter the expenses to the extent of the reimbursement. Enter any excess expenses on Schedule A (Form 1040), line 24. If you received a partial reimbursement that was intended to cover all expenses described on lines 1, 2, 3, and 5 without specifying the amount for each expense, use the formula in Publication 463 to figure the amount to enter.

Part II

Generally, you may figure your car expenses using either:

a. The **actual cost** of your car expenses (such as gas, oil, repairs, depreciation, section 179 deduction, etc.); or

b. The **standard mileage rate** which gives you a fixed deduction per business mile. **Do not use** this method if any of the following apply.

- The car is leased or used for hire;
- More than one car is used in your business at a time;
- You take a section 179 deduction on line 7;
- You figured depreciation in an earlier year using ACRS (Accelerated Cost Recovery System) or a method other than straight-line; or
- You took additional first-year depreciation.

If you are eligible to use the standard mileage rate, you may want to figure your deduction under both methods and use whichever one gives you the larger deduction.

Note: *If you use the standard mileage rate, you cannot use ACRS for that car.*

Actual Expenses

Line 2.—Include on this line your actual expenses for repairs, tires, supplies, insurance, taxes, tags, licenses, interest, etc.

Line 6.—The method of depreciation you may use depends on when you started using your car (placed the car in service). Do not deduct depreciation in excess of your basis or if your car is fully depreciated.

Cars placed in service before 1981 or for which standard mileage was used.—If you used either straight-line depreciation or the standard mileage rate in earlier years, you may use either straight-line depreciation or the standard mileage rate this year. If you used a method of depreciation other than straight-line, continue to use that method. If you want to change to straight-line depreciation or to another method of depreciation, see Publication 534. You cannot change to ACRS.

Percentage of business use.— If line A shows 12 months, multiply the amount of depreciation for the entire year by the percentage on line 4. If line A shows less than 12 months, multiply the resulting amount from the preceding sentence by the percentage arrived at by dividing the months on line A by 12. Enter the appropriate amount on line 6.

Cars placed in service after 1980.—If you placed a car in service after 1980 and you do not use the standard mileage rate, you must use one of two methods for figuring depreciation under ACRS:

- One ACRS method lets you deduct the following percentages of the business cost or other basis of your car regardless of what month you placed the car in service—

  1st year—25%
  2nd year—38%
  3rd year—37%

- The other ACRS method allows you to use a straight-line method over a recovery period of 3, 5, or 12 years with the half-year convention.

Do not consider salvage value in either of the ACRS methods.

Percentage of business use.—If you use ACRS, divide business miles by total miles for the year. If line A shows less than 12 months and you were not an employee all year, multiply the percentage on line 4 by the months on line A and divide by 12. If you sell (not trade) or stop using your car for business before the end of the year, line 6 is zero for that car.

Multiply the unadjusted basis of your car (generally cost) minus any amount on line 7, minus half of any investment credit you take in 1983 (unless you take the reduced credit) by the percentage determined above. Multiply the resulting amount by the ACRS percentage for the year and enter on line 6.

Investment credit.—If you placed a car in service during 1983, use **Form 3468,** Computation of Investment Credit, to determine the amount of investment credit you can take. If you take the investment credit, you will have to reduce your depreciation basis by ½ of the credit, unless you take the reduced investment credit.

Line 7.—You may deduct the cost related to the percentage of business use of your car up to $5,000 ($2,500 if you are married filing a separate return). This is the total section 179 deduction allowed for all property. Reduce the basis by the amount claimed. See Publication 534.

Mileage Rate

Use 20½¢ a mile for the first 15,000 miles of business use a year. Use 11¢ a mile for each mile over 15,000 business miles a year. You must also use 11¢ a mile if your car is fully depreciated. Generally, a car placed in service after 1979 is considered fully depreciated after 60,000 miles of business use at the maximum standard mileage rate.

Line 14.—The business part of parking and tolls is the amount you paid or incurred for business purposes. To figure the business part of interest and State and local taxes (except gasoline taxes) multiply the total of these items by the percentage you get by dividing line C by line B. For more information on the standard mileage rate, see Publication 463.

Part III

If you show educational expenses in Part I or on Schedule A (Form 1040), complete Part III.

You can deduct the cost of education that helps you keep or improve your skills for your business or profession.This includes education that your employer, the law, or regulations require you to get in order to keep your job or your salary. Do not deduct the cost of study that helps you meet the basic requirements for your business or profession or qualifies you for a new business or profession even if you do not intend to change to a new business or profession.