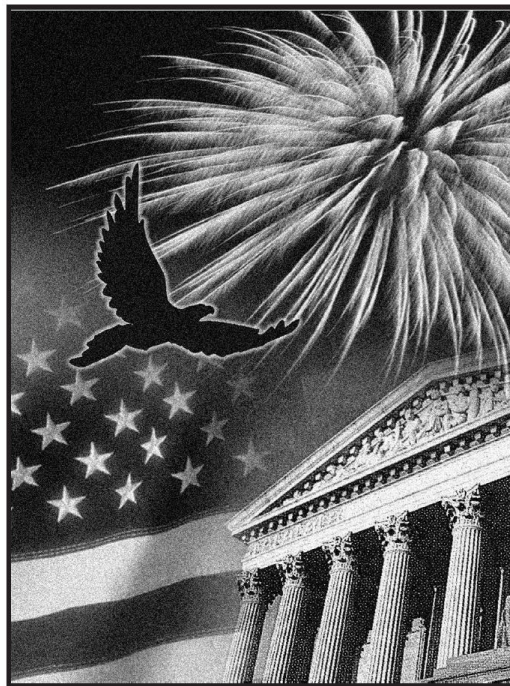


Publication 516

U.S. Government Civilian Employees Stationed Abroad

Volume 1 of 2



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Department of the Treasury
Internal Revenue Service

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Future Developments

For the latest information about developments related to Pub. 516, such as legislation enacted after it was published, go to *IRS.gov/Pub516*.

Reminders

Combat zone participants. If you were a civilian who served in a combat zone or qualified hazardous duty area in support of the U.S. Armed Forces, you can get certain extensions of deadlines for filing tax returns, paying taxes, filing claims for refund, and doing certain other tax-related acts. For details, see Pub. 3, Armed Forces' Tax Guide.

Death due to terrorist or military action. U.S. income taxes are forgiven for a U.S. Government civilian employee who dies as a result of wounds or injuries incurred while employed by the U.S. Government. The wounds or injuries must have been caused by terrorist or military action directed against

the United States or its allies. The taxes are forgiven for the deceased employee's tax years beginning with the year immediately before the year in which the wounds or injury occurred and ending with the year of death.

If the deceased government employee and the employee's spouse filed a joint return, only the decedent's part of the joint tax liability is forgiven.

For additional details, see *Pub. 559, Survivors, Executors, and Administrators*.

Form 8938. If you have or had foreign financial assets, you may have to file Form 8938 with your return. See *Foreign Bank Accounts*, later.

No miscellaneous itemized deductions allowed. You can no longer claim any miscellaneous itemized deductions, including the deduction for unreimbursed job expenses. Miscellaneous itemized deductions are those deductions that would have been subject to

the 2%-of-adjusted-gross-income limitation. The suspension of miscellaneous itemized deductions expires after tax year 2025, unless extended, amended, or repealed.

Unreimbursed employee expenses.

Deductions for unreimbursed employee business expenses are only available to certain categories of employees who fall within an exception. Only Armed Forces reservists, qualified performing artists, fee-basis state or local government officials, and employees with impairment-related work expenses can deduct certain expenses such as travel expenses, and other expenses connected to your employment. Amendments limiting unreimbursed employee business expenses for other trades and businesses remain in effect until December 31, 2025, unless amended, extended, or repealed. See the categories listed under *Other Employee Business Expenses*, later.

Moving expense deduction suspended, except for certain Armed Forces members.

The moving expense deduction remains temporarily suspended, unless you're a member of the armed forces on active duty and, due to a military order, you move because of a permanent change of station. Limitations related to moving expenses under section 217(k) are set to expire after the 2025 tax year, unless amended, extended, or repealed.

Introduction

If you are a U.S. citizen working for the U.S. Government, including the foreign service, and you are stationed abroad, your income tax filing requirements are generally the same as those for citizens and residents living in the United States. You are taxed on your worldwide income, even though you live and work abroad.

However, you may receive certain allowances and have certain expenses that you generally do not have while living in the United States. This publication explains:

- Many of the allowances, reimbursements, and property sales you are likely to have, and whether you must report them as income on your tax return, and
- Many of the expenses you are likely to have, such as moving expenses and foreign taxes, and whether you can deduct them on your tax return.

U.S. territories. This publication does not cover the rules that apply if you are stationed in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Virgin Islands, or Puerto Rico. That information is included in [Pub. 570, Tax Guide for Individuals With Income From U.S. Territories.](#)

Comments and suggestions. We welcome your comments about this publication and suggestions for future editions.

You can send us comments through [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or, you can write to the Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments and suggestions as we revise our tax forms, instructions, and publications.

Don't send tax questions, tax returns, or payments to the above address.

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Tax questions. If you have a tax question not answered by this publication, check IRS.gov and How To Get Tax Help at the end of this publication.

Useful Items

You may want to see:

Publications

- ☐ **3** Armed Forces' Tax Guide
- ☐ **54** Tax Guide for U.S. Citizens and Resident Aliens Abroad
- ☐ **463** Travel, Gift, and Car Expenses
- ☐ **505** Tax Withholding and Estimated Tax
- ☐ **514** Foreign Tax Credit for Individuals
- ☐ **519** U.S. Tax Guide for Aliens
- ☐ **523** Selling Your Home

Form (and Instructions)

- ☐ **Schedule A** (Form 1040) Itemized Deductions
- ☐ **1040** U.S. Individual Income Tax Return
- ☐ **1116** Foreign Tax Credit
- ☐ **4868** Application for Automatic Extension of Time To

File U.S. Individual Income Tax Return

- ☐ **8833** Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b)
- ☐ **8938** Statement of Specified Foreign Financial Assets
- ☐ **FinCEN Form 114** Report of Foreign Bank and Financial Accounts (FBAR)

U.S. Tax Return

Filing Information

If you are a U.S. citizen or green card holder living or traveling outside the United States, you are generally required to file income tax returns in the same way as those residing in the United States. However, the special rules explained in the following discussions may apply to you. See also *Tax Treaty Benefits*, later.

When To File and Pay

Most individual tax returns cover a calendar year, January through December. The regular due date for these tax returns is April 15 of the following year. If April 15 falls on a Saturday, Sunday, or legal holiday, the due date is delayed until the next business day. If you get an extension, you are allowed additional time to file, and in some circumstances, pay your tax. You must pay

interest on any tax not paid by the regular due date.

Your return is considered filed on time if it is mailed from and officially postmarked in a foreign country on or before the due date (including extensions), or given to a designated international private delivery service before midnight of the last date prescribed for filing. See your tax form instructions for a list of private delivery services that have been designated by the IRS to meet this “timely mailing as timely filing” rule for tax returns and payments.

If your return is filed late, the postmark or delivery service date does not determine the date of filing. In that case, your return is considered filed when it is received by the IRS.

Extensions

You may be able to get an extension of time to file your return and pay your tax.

Automatic 2-month extension. You are allowed an automatic 2-month extension (to June 15, for a calendar year return) to file your return and pay federal income tax if you are a U.S. citizen or resident alien and, on the regular due date of your return, you are living outside the United States and Puerto Rico and your main place of business or post of duty is outside the United States and Puerto Rico or you are in military or naval service on duty outside the United States and Puerto Rico. To get this extension, you must attach a statement to your return explaining how you qualified. You will owe interest on any tax not paid by the regular due date of your return. For more information on extensions for taxpayers out of the country, see [Pub. 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad](#).

Married taxpayers. If you file a joint return, either you or your spouse can qualify for the automatic extension. If you and your spouse

file separate returns, this automatic extension applies only to the spouse who qualifies.

Additional extension. You can apply for an additional extension of time to file your return by filing Form 4868. You must file Form 4868 by the due date of your income tax return. Form 4868 is available to be filed electronically.

See Form 4868 for details.

Generally, you must file Form 4868 by April 15. However, if you qualify for the automatic 2-month extension, you generally must file Form 4868 by June 15 and check the box on line 8 of Form 4868 to indicate that you are "out of the country" and a U.S. citizen or resident.

Payment of tax. You should estimate and pay any additional tax you owe when you file Form 4868 to avoid being charged a late-payment penalty. The late-payment penalty applies if, through withholding, etc., you paid

less than 90% of your actual tax liability by the original due date of your income tax return. Even if the late-payment penalty does not apply, you will be charged interest on any unpaid tax liability from the original due date of the return until the tax is paid.

Electronic filing. You can file for the additional extension by phone, using your home computer, or through a tax professional. See Form 4868 for more information.

Limit on additional extensions. You generally cannot get a total extension of more than 6 months. However, if you are outside the United States and meet certain tests, you may be able to get a longer extension. For more information, see [Pub. 54.](#)

Foreign Bank Accounts

FinCEN Form 114. You must file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), if you had any financial interest in, or signature or other authority over a bank, securities, or other financial account in a foreign country. You do not need to file the report if the assets are with a U.S. military banking facility operated by a financial institution or if the combined assets in the account(s) are \$10,000 or less during the entire year.

FinCEN Form 114 is filed electronically with the Financial Crimes Enforcement Network (FinCEN). See the filing instructions at bsaefiling.fincen.treas.gov.

Form 8938. You may also be required to file Form 8938 with your U.S. income tax return to report your interest in foreign bank accounts and other specified foreign financial assets. For taxpayers living abroad, you

generally do not have to file Form 8938 unless the total value of your specified foreign financial assets is more than \$200,000 (\$400,000 if married filing jointly) on the last day of the tax year or more than \$300,000 (\$600,000 if married filing jointly) at any time during the tax year. For more information, see the [*Instructions for Form 8938*](#).

U.S. Government Payments

Wages earned for performing services outside the United States is foreign income, regardless of your employer. If you are a U.S. citizen or resident alien, you must report all income from worldwide sources on your tax return unless it is exempt by U.S. law. This applies to earned income (such as wages) as well as unearned income (such as interest, dividends, and capital gains). If you are a nonresident alien, your income from sources outside the United States is not subject to U.S. tax.

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Foreign Earned Income Exclusion

Employees of the U.S. Government are not entitled to the foreign earned income exclusion, the foreign housing exclusion, or the foreign housing deduction under section 911 because foreign earned income does not include amounts paid by the U.S. Government to you as an employee. But see *Other Employment*, later.

Special Situations

In the following two situations, your pay is from the U.S. Government and does not qualify for the foreign earned income exclusion, the foreign housing exclusion, or the foreign housing deduction.

U.S. agency reimbursed by foreign country. If you are a U.S. Government employee paid by a U.S. agency to perform services in a foreign country, your pay is from the U.S. Government and does not qualify for the foreign earned income exclusion, the

foreign housing exclusion, or the foreign housing deduction. This is true even if the U.S. agency is reimbursed by the foreign government.

Employees of post exchanges, etc. If you are an employee of an Armed Forces post exchange, officers' and enlisted personnel club, Embassy commissary, or similar instrumentality of the U.S. Government, the earnings you receive are paid by the U.S. Government. This is true whether they are paid from appropriated or nonappropriated funds. These earnings are not eligible for the foreign earned income exclusion, the foreign housing exclusion, or the foreign housing deduction.

Tax Treaty Benefits

Most income tax treaties contain an article relating to remuneration from government services. Even if you are working in a foreign country with which the United States has an income tax treaty in force and the treaty article that applies to government services says that your government pay is taxable only in the foreign country, the treaty will likely contain a “saving clause,” which provides that the United States may tax its citizens and its residents as if the treaty had not come into effect. In some treaties, the government service article is an exception to the saving clause, but often only for individuals who are not U.S. citizens or green card holders. Consequently, if you are a U.S. citizen or green card holder, you will generally not be entitled to reduce your U.S. tax on your government pay. If you are neither a U.S. citizen nor green card holder, and you are treated as a resident of the treaty country

under the treaty residence article (after application of the “tie-breaker” rule), then you may be entitled to benefits under the government service article. Review the treaty text carefully.

Tie-breaker rule. Generally, under U.S. income tax rules, an individual who is classified as a U.S. tax resident for all or part of the year and also is classified in that same year as a tax resident of a U.S. treaty partner (that is, the treaty country) will be subject to the provisions of the tie-breaker rule in the treaty residence article in the applicable U.S. income tax treaty. To determine if the tie-breaker rule applies, the individual must first determine their tax residence under the domestic laws of the United States and the laws of the treaty country. See Treasury regulations section 301.7701(b)-1 for rules to determine U.S. tax residency. If the individual is a tax resident of both countries during the year, then they are a dual resident for that

year and may be subject to a series of tie-breaker rules in the applicable treaty's residence article, which determine their treaty residence. See, for example, Article 4(3) of the 2016 U.S. Model Treaty, available at www.irs.gov/businesses/internationalbusinesses/unitedstates-model-tax-treaty-documents. If you are a dual resident, you should consult the specific text of the applicable in-force U.S. income tax treaty to determine whether the tie-breaker provisions apply to you. The text of most U.S. income tax treaties in force may be found on the IRS website at www.irs.gov/businesses/international-businesses/united-states-income-tax-treaties-a-to-z. An individual who is not a U.S. citizen and a treaty resident of the treaty country after application of the tie-breaker rules would generally be treated as a nonresident of the United States for purposes of determining their own U.S. income tax liability if they file a Form 1040-NR and attach

a Form 8833, Treaty-Based Return Position Disclosure under Section 6114 or 7701(b).

U.S. citizens must always file Form 1040. Non-U.S. citizens who are treated as a resident of a treaty country under the treaty residence article (after application of the "tie-breaker" rule) may file Form 1040-NR and attach Form 8833.

If you pay or accrue taxes to the foreign country on your pay, you may be able to relieve double taxation with a foreign tax credit. Most income tax treaties contain an article providing relief from double taxation. Many treaties contain special foreign tax credit rules for U.S. citizens who are residents of a treaty country. For more information on the mechanics of the foreign tax credit, see Foreign Taxes, later.

Allowances, Differentials, and Special Pay

Most payments received by U.S. Government civilian employees for working abroad, including pay differentials, are taxable. However, certain foreign areas allowances, cost of living allowances, and travel allowances are tax free. The following discussions explain the tax treatment of allowances, differentials, and other special pay you receive for employment abroad.

Pay differentials. Pay differentials you receive as financial incentives for employment abroad are taxable. Your employer should have included these differentials as wages on your Form W-2, Wage and Tax Statement.

Generally, pay differentials are given for employment under adverse conditions (such as severe climate) or because the post of duty is located in a hazardous or isolated area that may be outside the United States. The

area does not have to be a qualified hazardous duty area as discussed in Pub. 3. Pay differentials include:

- Post differentials,
- Special incentive differentials, and
- Danger pay.

Foreign areas allowances. Allowances (other than pay differentials) received under the following laws are tax free.

- Chapter 9 of Title I of the Foreign Service Act of 1980.
- Section 4 of the Central Intelligence Agency Act of 1949, as amended.
- Title II of the Overseas Differentials and Allowances Act.
- Subsection (e) or (f) of the first section of the Administrative Expenses Act of 1946, as amended, or section

22 of such Act (5 U.S.C. sections 5726(b); 5727(b), (d)–(f); and 5913).

Your employer should not have included these allowances as wages on your Form W-2.

These allowances cover such expenses as:

- Certain repairs to a leased home,
- Education of dependents in special situations,
- Motor vehicle shipment,
- Separate maintenance for dependents,
- Temporary quarters,
- Transportation for medical treatment, and
- Travel, moving, and storage.



Allowances received by U.S. government civilian employees for the shipment of household goods and personal effects to or from a post of duty under 5 U.S.C. sections 5722–5724 are not exempt from tax.

Allowances received by foreign service employees for representation expenses are also tax free under the above provisions.

Cost-of-living allowances. If you are stationed outside the continental United States or in Alaska, your gross income does not include cost-of-living allowances (other than amounts received under Title II of the Overseas Differentials and Allowances Act) granted by regulations approved by the President of the United States. The cost-of-living portion of any other allowance (for example, a living and quarters allowance) is not included even if the underlying allowance is included in gross income. Cost-of-living

allowances are not included on your Form W-2.

Federal court employees. If you are a federal court employee, the preceding paragraph also applies to you. The cost-of-living allowance must be granted by rules similar to regulations approved by the President.

American Institute in Taiwan. If you are an employee of the American Institute in Taiwan, allowances you receive are exempt from U.S. tax if they are equivalent to tax-exempt allowances received by civilian employees of the U.S. Government.

Federal reemployment payments after serving with an international organization. If you are a federal employee who is reemployed by a federal agency after serving with an international organization, you must include in income any reemployment payments you receive. These payments are equal to the difference between

the pay, allowances, post differential, and other monetary benefits paid by the international organization and the pay and other benefits that would have been paid by the federal agency had you been detailed to the international agency.

Allowances or reimbursements for travel and transportation expenses. See *How To Report Business Expenses* later, for a discussion on whether a reimbursement or allowance for travel or transportation is included in your income.

Lodging furnished to a principal representative of the United States. If you are a principal representative of the United States stationed in a foreign country, you do not have to include in income the value of lodging (including utilities) provided to you as an official residence. However, amounts paid by the U.S. Government for your usual costs of operating and maintaining your household are taxable. If amounts are

withheld from your pay to cover these expenses, you cannot exclude or deduct those amounts from your income.

Peace Corps. If you are a Peace Corps volunteer or volunteer leader, some allowances you receive are taxable and others are not.

Taxable allowances. The following allowances must be included on your Form W-2 and reported on your return as wages.

- If you are a volunteer leader, allowances paid to your spouse and minor children while you are training in the United States.
- The part of living allowances designated by the Director of the Peace Corps as basic compensation. This is the part for personal items such as domestic help, laundry and clothing maintenance, entertainment and

recreation, transportation, and other miscellaneous expenses.

- Leave allowances.
- Readjustment allowances or "termination payments."

Taxable allowances are considered received by you when credited to your account.

Example. Logan Carpenter, a Peace Corps volunteer, gets \$175 a month during periods of service, to be paid in a lump sum at the end of the tour of duty. Although the allowance is not available until the end of the period of service, Logan must include it in income on a monthly basis as it is credited to the account.

Nontaxable allowances. These generally include travel allowances and the part of living allowances for housing, utilities, food, clothing, and household supplies. These allowances should not be included on your Form W-2. These allowances are tax free whether paid by the U.S. Government or the foreign country in which you are stationed.

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Other Income

Other employment. If, in addition to your U.S. government pay, you receive income from a private employer or self-employment, you may qualify to claim the foreign earned income exclusion, the foreign housing exclusion and the foreign housing deduction under section 911 based on this other income provided you meet either the bona fide residence test or the physical presence test. In addition, if your spouse is a U.S. citizen or resident alien who earns income in a foreign country that is paid by a private employer or is from self-employment, he or she may also qualify for the exclusions and/or deduction. For more information, see [Pub. 54.](#)

The tax treaty rules relating to income from personal services generally apply to income from private employment. As discussed above, the saving clause applies to you if you are a U.S. citizen or if you are a resident alien of the United States under the treaty

residence article (after application of the “tie-breaker” rule). See Tie-breaker rule, earlier.

Sale of personal property. If you have a gain from the sale of your personal property (such as an automobile or a home appliance), whether directly or through a favorable exchange rate in converting the proceeds to U.S. dollars, the excess of the amount received in U.S. dollars over the cost or other basis of the property is a capital gain. Capital gains are reported on Schedule D (Form 1040), Capital Gains and Losses. However, losses from sales of your personal property, whether directly or through an unfavorable exchange rate, are not deductible.

Sale of your home. All or part of the gain on the sale of your main home, within or outside the United States, may be taxable. Losses are not deductible.

You may be able to exclude from income any gain up to \$250,000 (\$500,000 on a joint return). Generally, you must have owned and

used the home as your main residence for 2 of the 5 years preceding the date of sale.

You can choose to have the 5-year test period for ownership and use suspended during any period you or your spouse is serving on qualified official extended duty as a member of the uniformed services, as a member of the Foreign Service of the United States, as an employee of the intelligence community, or as an employee or volunteer of the Peace Corps.

For detailed information on selling your home, see [Pub.523, Selling Your Home](#).

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Deductions and Credits — Business Expenses

Armed Forces reservists, qualified performing artists, fee-basis state or local government officials, and employees with impairment-related work expenses may deduct certain expenses such as travel expenses, transportation expenses, and other expenses connected to employment. Due to the suspension of miscellaneous itemized deductions subject to the 2% floor under section 67(a), employees who do not fit into one of the listed categories above may not deduct employee business expenses. The suspension of miscellaneous itemized deductions subject to the 2% floor under section 67(a) will expire after 2025, unless repealed, amended, or extended. For more information on employee business expenses, see [*Pub. 463, Travel, Gift, and Car Expenses.*](#)

Travel Expenses

Subject to certain limits, you can deduct your unreimbursed ordinary and necessary expenses of traveling away from home in connection with the performance of your official duties. These expenses include such items as travel costs, meals, lodging, baggage charges, local transportation costs (such as taxi fares), tips, and dry cleaning and laundry fees. Expenses must be reasonable (not lavish or extravagant) under the circumstances.



Your home for tax purposes (tax home) is your regular post of duty regardless of where you maintain your family home. Your tax home is not limited to the Embassy, consulate, or duty station. It includes the entire city or general area in which your principal place of employment is located.

Traveling away from home. You are traveling away from home if you meet both of the following requirements.

- Your duties require you to be away from the general area of your tax home substantially longer than an ordinary day's work.
- You need to get sleep or rest to meet the demands of your work while away from home. This requirement is not satisfied by merely napping in your car.

You do not have to be away from your tax home for a whole day or from dusk to dawn as long as your relief from duty is long enough to get necessary sleep or rest.

Temporary assignment. If your assignment or job away from your tax home is temporary, your tax home doesn't change. You are considered to be away from home for the whole period, and your travel expenses are deductible. Generally, a temporary assignment in a single location is one that is realistically expected to last (and does in fact last) for 1 year or less.

However, if your assignment or job is indefinite, the location of the assignment or job becomes your new tax home and you cannot deduct your travel expenses while there. An assignment or job in a single location is considered indefinite if it is realistically expected to last for more than 1 year, whether or not it actually lasts for more than 1 year.

You must determine whether your assignment is temporary or indefinite when you start work. If you expect employment to last for 1 year or less, it is temporary unless there are facts and circumstances that indicate otherwise. Employment that is initially temporary may become indefinite due to changed circumstances. A series of assignments to the same location, all for short periods but that together cover a long period, may be considered an indefinite assignment.

Exception for federal crime

investigations or prosecutions. If you are a federal employee participating in a federal crime investigation or prosecution, you may be able to deduct travel expenses even if you are away from your tax home for more than 1 year. This exception to the 1-year rule applies if the Attorney General certifies that you are traveling for the federal government in a temporary duty status to prosecute, or provide support services for the investigation or prosecution of, a federal crime.

Limit on meals You can generally deduct only 50% of the cost of your unreimbursed business-related meals.

Generally, entertainment and entertainment-related meal expenses, membership dues, and facilities used in connection with these activities cannot be deducted.

Primary purpose of trip must be for business. If your trip was entirely for business, your unreimbursed travel expenses

are generally deductible. However, if you spend some of your time on nonbusiness activities, part of your expenses may not be deductible.

If your trip was mainly personal, you cannot deduct your travel expenses to and from your destination. This applies even if you engage in business activities while there. However, you can deduct any expenses while at your destination that are directly related to your business.

Expenses paid for others. You generally cannot deduct travel expenses of your spouse, dependents, or other individuals who go with you on a trip.

Home leave. The Foreign Service Act requires U.S. citizens who are members of the foreign service to take a leave of absence after completing 3 years of continuous service abroad. This period is called “home leave” and can be used to take care of certain personal matters such as medical and dental

checkups, buying a new wardrobe, and visiting relatives.

The amounts paid for your travel, meals, and lodging while on home leave are deductible as travel or business expenses subject to the rules and limits discussed earlier. You must be able to verify these amounts in order to claim them. Amounts paid on behalf of your family while on home leave are personal living expenses and are not deductible.

More information. See chapter 1 of [*Pub. 463*](#) for more information on travel expenses.

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Transportation Expenses

You can deduct allowable transportation expenses that are directly related to your official duties. Transportation expenses include the cost of transportation by air, rail, bus, or taxi, and the cost of driving and maintaining your car. They do not include expenses you have when traveling away from home overnight. Those expenses are deductible as travel expenses and are discussed earlier.

Commuting. You cannot deduct your transportation costs of going between your home and your regular business location. These costs are personal commuting expenses.

If you have one or more regular business locations away from your home, but must work at a temporary location, you can deduct the costs of commuting to that temporary place of work.

If you work at two or more places in the same day, you can deduct your expenses of getting from one place of work to the other.

More information. For more information on transportation expenses, see chapter 4 of [*Pub. 463*](#).

Other Employee Business Expenses

The exceptions to the limitations on unreimbursed employee business expenses are not subject to either itemization or the 2% floor on miscellaneous itemized deductions.

If you are one of the following individuals, special rules apply to deducting your employee business expenses.

Armed Forces reservist (member of a reserve component). You are a member of a reserve component of the Armed Forces of the United States if you are in the Army National Guard of the United States, Army, Navy, Marine Corps, the Air National Guard of the United States, Air Force, Coast Guard Reserve, or the Reserve Corps of the Public Health Service.

If you qualify, complete Form 2106, Employee Business Expenses and include the amount

attributable to the expenses for travel more than 100 miles away from home in connection with your performance of services as a member of the reserves, and attach Form 2106 to your return. These reserve-related travel expenses are deductible whether or not you itemize deductions. See [Pub. 463](#) for additional details on how to report these expenses.

Fee-basis state or local government official. You are a qualifying fee-basis official if you are employed by a state or political subdivision of a state and are compensated, in whole or in part, on a fee basis.

If you qualify, complete Form 2106 and include the amount attributable to the expenses you incurred for services performed in that job, and attach Form 2106 to your return. These employee business expenses are deductible whether or not you itemize deductions.

Qualified performing artist. You are a qualified performing artist if you:

1. Performed services in the performing arts as an employee for at least two employers during the tax year,
2. Received from at least two of those employers wages of \$200 or more per employer,
3. Had allowable business expenses attributable to the performing arts of more than 10% of gross income from the performing arts, and
4. Had adjusted gross income of \$16,000 or less before deducting expenses as a performing artist.

In addition, if you are married, you must file a joint return unless you lived apart from your spouse at all times during the tax year. If you file a joint return, you must figure requirements (1), (2), and (3) separately for both you and your spouse. However,

requirement (4) applies to the combined adjusted gross income of both you and your spouse.

If you meet all the requirements for a qualified performing artist, complete Form 2106 and include the amount attributable to performing-arts-related expenses, and attach Form 2106 to your return. Your performing-arts-related business expenses are generally deductible whether or not you itemize deductions.

Disabled employee with impairment-related work expenses. Impairment-related work expenses are the allowable expenses of an individual with physical or mental disabilities for attendant care at their place of employment. They also include other expenses in connection with the place of employment that enable the employee to work. See [Pub. 463](#) for more details. If you qualify, complete Form 2106 and include the amount attributable to impairment-related

work expenses, and attach Form 2106 to your return.



To deduct any expenses for travel, you must meet the rules for recordkeeping and accounting to your employer. These rules are explained in [Pub.463](#).

Recordkeeping Rules

If you claim a deduction for unreimbursed business expenses, you must keep timely and adequate records of all your business expenses.

For example, you must keep records and supporting evidence to prove the following elements about deductions for travel expenses (including meals and lodging while away from home).

- The amount of each separate expense for travel away from home, such as the cost of your transportation, lodging, or meals. You may total your

incidental expenses if you list them in reasonable categories such as daily meals, gasoline and oil, and taxi fares.

- For each trip away from home, the dates you left and returned and the number of days spent on business.
- The destination or area of your travel, described by the name of the city, town, or similar designation.
- The business reason for your travel or the business benefit gained or expected to be gained from your travel.

How to record your expenses. Records for proof of your expenses should be kept in an account book, diary, statement of expense, or similar record. They should be supported by other records, such as receipts or canceled checks, in sufficient detail to establish the elements for these expenses. You do not need to duplicate information in an account book or

diary that is shown on a receipt as long as your records and receipts complement each other in an orderly manner.

Each expense should be recorded separately in your records. However, some items can be totaled in reasonable categories. You can make one daily entry for categories such as taxi fares, telephone calls, meals while away from home, gas and oil, and other incidental costs of travel. You may record tips separately or with the cost of the service.



Documentary evidence generally is required to support all lodging expenses while traveling away from home. It is also required for any other expense of \$75 or more, except transportation charges if the receipt is not readily available. Documentary evidence is a receipt, paid bill, or similar proof sufficient to support an expense. It ordinarily will be considered adequate if it shows the amount,

date, place, and essential business character of the expense.



A canceled check drawn payable to a named payee would not by itself support a business expenditure. You must have other evidence to show that the check was used for a business purpose.

Your records must be timely. Record the elements for the expense in your account book or other record at or near the time of the expense. A timely kept record has more value than statements prepared later when there is generally a lack of accurate recall.

Confidential information. You do not need to put confidential information relating to an element of a deductible expense (such as the place, business purpose, or business relationship) in your account book, diary, or other record. However, you do have to record the information elsewhere at or near the time of the expense and have it available to fully prove that element of the expense.

More information. Recordkeeping is discussed in detail in chapter 5 of [Pub. 463.](#)

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