

Employee Business Expenses

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

Attach to Form 1040.

Form header with fields for Your name, Social security number, Occupation in which expenses were incurred, Employer's name, and Employer's address.

Paperwork Reduction Act Notice.—The Paperwork Reduction Act of 1980 says we must tell you why we are collecting this information, how we will use it, and whether you have to give it to us.

Instructions

Use this form to show your business expenses as an employee during 1981. Include amounts:

- You paid as an employee;
You charged to your employer (such as by credit card);
You received as an advance, allowance, or repayment.

Several publications available from IRS give more information about business expenses:

- Publication 463, Travel, Entertainment, and Gift Expenses.
Publication 529, Miscellaneous Deductions.
Publication 587, Business Use of Your Home.
Publication 508, Educational Expenses.

Part I.—You can deduct some business expenses even if you do not itemize your deductions on Schedule A (Form 1040). Examples are expenses for travel (except commuting to and from work), meals, or lodging.

Line 2.—You can deduct meals and lodging costs if you were on a business trip away from your main place of work. Do not deduct the cost of meals you ate on one-day trips when you did not need sleep or rest.

Line 3.—If you use a car you own in your work, you can deduct the cost of the business use. Enter the cost here after figuring it in Part IV. You can take either the cost of your actual

expenses (such as gas, oil, repairs, depreciation, etc.) or you can use the standard mileage rate.

The mileage rate is 20 cents a mile up to 15,000 miles. After that, or for all business mileage on a fully depreciated car, the rate is 11 cents a mile. If you use the standard mileage rate to figure the cost of business use, the car is considered to have a useful life of 60,000 miles of business use at the maximum standard mileage rate. After 60,000 miles of business use at the maximum rate, the car is considered to be fully depreciated.

Caution: You cannot use the mileage rate for a leased vehicle.

Figure your mileage rate amount and add it to the business part of what you spent on the car for parking fees, tolls, interest, and State and local taxes (except gasoline tax).

Line 4.—If you were an outside salesperson with other business expenses, list them on line 4. Examples are selling expenses or expenses for stationery and stamps. An outside salesperson does all selling outside the employer's place of business.

Line 5.—Show other business expenses on line 5 if your employer repaid you for them. If you were repaid for part of them, show here the amount you were repaid. Show the rest in Part II.

Part II.—You can deduct other business expenses only if (a) your employer did not repay you, and (b) you itemize your deductions on Schedule A (Form 1040). Report these expenses here and under Miscellaneous Deductions on Schedule A.

You can deduct expenses for business use of the part of your home that you exclusively and consistently use for your work. If you are not self-employed, your working at home must be for your employer's convenience.

If you show education expenses in Part I or Part II, you must fill out Part III.

Part III.—You can deduct the cost of education that helps you keep or improve your skills for the job you have now. This includes education that your employer, the law, or regulations require you to get in order to keep your job or your salary.

Part IV, line 8—Depreciation

Cars placed in service before 1/1/81: You must continue to use either the standard mileage rate or the method of depreciation you used in earlier years.

Cars placed in service after 12/31/80:

If you placed a car in service in 1981 and you do not use the standard mileage rate, you must use the new Accelerated Cost Recovery System (ACRS). One method lets you deduct the following percentages of your cost basis regardless of what month you placed the car in service:

- 1981—25%
1982—38%
1983—37%

Example: You bought a new car, without a trade-in, for \$10,000 in September 1981, and used it 60% for business. Your basis for depreciation is \$6,000 (\$10,000 x 60%). For 1981 your depreciation deduction is \$1,500 (\$6,000 x 25%).

There is also an alternate ACRS method under which you may use a straight-line method over a recovery period of 3, 5, or 12 years.

Note: If you use the mileage rate, you are considered to have made an election to exclude this vehicle from ACRS.

You do not have to consider salvage value in either of these methods. Please see Publication 463 for details on how to figure the deduction under either method.

PART I.—Employee Business Expenses Deductible in Figuring Adjusted Gross Income on Form 1040, Line 31

Main calculation table with rows for Fares, Meals and lodging, Car expenses, Outside salesperson's expenses, Other, Add lines 1 through 5, Employer's payments, Deductible business expenses, and Income from excess business expense payments.

PART II.—Employee Business Expenses that are Deductible Only if You Itemize Deductions on Schedule A (Form 1040)

Summary table for Part II with rows for Business expenses not included above and Total deduction under Miscellaneous Deductions.

**PART III.—Information About Education Expenses Shown in Part I or Part II**

- 1 Name of educational institution or activity ▶
- 2 Address ▶
- 3 Did you need this education to meet the basic requirements for your job? . . . . .  Yes  No
- 4 Will this study program qualify you for a new job? . . . . .  Yes  No
- 5 If your answer to question 3 or 4 is Yes, you cannot deduct these expenses. If No, explain (1) why you are getting the education, and (2) what the relationship was between the courses you took and your job. (If you need more space, attach a statement.) ▶
- 6 List your main subjects, or describe your educational activity ▶

**PART IV.—Car Expenses (Use either your actual expenses or the mileage rate.)**

	Car 1	Car 2	Car 3
A. Number of months you used car for business during 1981 . . . . .	_____ months	_____ months	_____ months
B. Total mileage for months in line A . . . . .	_____ miles	_____ miles	_____ miles
C. Business part of line B mileage . . . . .	_____ miles	_____ miles	_____ miles

**Actual Expenses** (Include expenses on lines 1–5 for only the months shown in line A, above.)

1 Gasoline, oil, lubrication, etc. . . . .			
2 Repairs . . . . .			
3 Tires, supplies, etc. . . . .			
4 Other: (a) Insurance . . . . .			
(b) Taxes . . . . .			
(c) Tags and licenses . . . . .			
(d) Interest . . . . .			
(e) Miscellaneous . . . . .			
5 Total (add lines 1 through 4(e)) . . . . .			
6 Business percentage of car use (divide line C by line B, above) . . . . .	%	%	%
7 Business part of car expense (multiply line 5 by line 6) . . . . .			
8 Depreciation (see instructions on front) . . . . .			
<i>Caution: If you use ACRS, skip line 9 and enter the amount from line 8 on line 10.</i>			
9 Divide line 8 by 12 months . . . . .			
10 Multiply line 9 by line A, above . . . . .			
11 Total (add line 7 and line 10; then skip to line 19) . . . . .			

**Mileage Rate**

12 Enter the smaller of (a) 15,000 miles or (b) the combined mileages from line C, above . . . . .	_____ miles
13 Multiply line 12 by 20¢ (11¢ if car is fully depreciated) and enter here . . . . .	
14 Enter any combined mileage from line C that is over 15,000 miles . . . . .	_____ miles
15 Multiply line 14 by 11¢ and enter here . . . . .	
16 Total mileage expense (add lines 13 and 15) . . . . .	
17 Business part of car interest and State and local taxes (except gasoline tax) . . . . .	
18 Total (add lines 16 and 17) . . . . .	

**Summary**

19 Enter amount from line 11 or line 18, whichever you used . . . . .	
20 Parking fees and tolls . . . . .	
21 Total (add lines 19 and 20). Enter here and in Part I, line 3 . . . . .	