

**Employee Business Expenses**  
 (Please use Form 3903 to figure moving expense deduction.)  
 Attach to Form 1040.

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 . . . . .	<b>1</b>		
2 Reimbursed and unreimbursed expenses for meals and lodging while away from your main place of work . . . . .	<b>2</b>		
3 Reimbursed and unreimbursed car expenses from Part II . . . . .	<b>3</b>		
4 Reimbursed and unreimbursed outside salesperson's expenses other than those shown on lines 1, 2, and 3 ▶	<b>4</b>		
5 Reimbursed expenses other than those shown on lines 1 through 4 . . . . .	<b>5</b>		
6 Add lines 1 through 5 . . . . .	<b>6</b>		
7 Employer's payments for these expenses only if not included on Form W-2 . . . . .	<b>7</b>		
8 If line 6 is more than line 7, subtract line 7 from line 6. Enter here and on Form 1040, line 24 . . . . .	<b>8</b>		
9 If line 7 is more than line 6, subtract line 6 from line 7. Enter here and on Form 1040, line 7 . . . . .	<b>9</b>		

**Part II 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 1982	_____ 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 and 2 only for the months shown in line A, above.)

1 Gasoline, oil, lubrication, etc . . . . .	<b>1</b>				
2 Other . . . . .	<b>2</b>				
3 Total (add lines 1 and 2) . . . . .	<b>3</b>				
4 Divide line C by line B, above . . . . .	<b>4</b>	%	%	%	
5 Multiply line 3 by line 4 . . . . .	<b>5</b>				
6 Depreciation (based on percentage shown on line 4) . . . . .	<b>6</b>				
<b>Note:</b> Do not complete line 7 if you use ACRS or 12 months is entered on line A above. Go to line 8.					
7 Divide line 6 by 12 months . . . . .	<b>7</b>				
8 Multiply line 7 by line A, or enter the amount from line 6 if line 7 was not completed . . . . .	<b>8</b>				
9 Section 179 expense deduction (see instructions) . . . . .	<b>9</b>				
10 Business parking fees and tolls . . . . .	<b>10</b>				
11 Total (add lines 5, 8, 9, and 10). Enter here and in Part I, line 3 . . . . .	<b>11</b>				

**Mileage Rate**

12 Enter the smaller of (a) 15,000 miles or (b) the total mileage (Car 1 + Car 2 + Car 3) from line C, above . . . . .	<b>12</b>		miles
13 Multiply line 12 by 20¢ (11¢ if applicable, see instructions) . . . . .	<b>13</b>		
14 Enter the total mileage, if any (Car 1 + Car 2 + Car 3) from line C that is over 15,000 miles . . . . .	<b>14</b>		miles
15 Multiply line 14 by 11¢ and enter here . . . . .	<b>15</b>		
16 Business part of car interest, parking fees, tolls, and State and local taxes (except gasoline tax) . . . . .	<b>16</b>		
17 Total (add lines 13, 15, and 16). Enter here and in Part I, line 3 . . . . .	<b>17</b>		

**Part III Information About Educational Expenses Shown in Part I or on Schedule A (Form 1040)**

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. ▶

## General Instructions

**Paperwork Reduction Act Notice.**—We ask for the information to carry out the Internal Revenue laws of the United States. We need it to ensure that you 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.**—Use this form or a similar statement to show employee business expenses if:

- You were not required to account to your employer for your expenses; or
- You were required to account to your employer for your expenses but did not do so; or
- You were required to account to your employer and you did so, but your expenses were more than your reimbursement and you wish to deduct the excess expenses. For other situations, see **Publication 463**.

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

**Amounts to include on Form 2106.**—Include the following kinds of expenses, provided you paid or incurred them in 1982 in connection with services you performed as an employee during 1982:

**a. Reimbursed expenses.** These are expenses you paid or incurred under a reimbursement or other expense allowance arrangement with your employer.

A reimbursement or other expense allowance arrangement exists if you receive a separate payment for expenses from your employer or, if both wages and the reimbursement or allowance are combined in one single payment, the reimbursement or allowance is specifically identified. If you are required to pay your own expenses, you do not have a reimbursement or expense allowance arrangement.

**b. Expenses for travel while away from home.** These are expenses you paid or incurred for travel, meals, and lodging while you were away from home or your main place of work overnight.

**c. Transportation expenses.** These are expenses you paid or incurred for transportation (cab fares, bus fares, etc. and a pro rata share of the expenses of operating your car) other than for (1) travel expenses as described in **b.** above; or (2) expenses paid or incurred for commuting to and from work.

**d. Outside salesperson's expenses.** These are any expenses you paid or incurred in soliciting business for your employer away from your employer's place of business. You are not an outside salesperson if your duties consist of service and delivery or if you do any selling at your employer's place of business.

Also include on Form 2106, line 7, Part I, payments you received as reimbursement for expenses you paid or incurred if these payments are not shown on your Form W-2 and you are otherwise required to file Form 2106.

**Amounts Not to include on Form 2106.**—If you paid or incurred any employee business expenses other than those listed in **a.** through **d.**, report them on **Schedule A** (Form 1040), line 25 or 26, whichever applies.

**Attachments.**—If you need more space, attach additional sheets. Show on each sheet to which part of Form 2106 the separate sheet relates.

**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 2.**—Do not deduct the cost of your meals or lodging on one-day trips when you

did not need sleep or rest. However, you can deduct on line 1 or line 3, whichever applies, the transportation expenses you incurred on these one-day trips.

**Line 5.**—Complete this line if ALL of the following apply:

- You were not an outside salesperson; and
- You paid or incurred business expenses other than those described on lines 1 through 4; and
- You were partially or fully reimbursed for these expenses. (If you did not receive any reimbursement, report the expenses on **Schedule A** (Form 1040), line 25 or 26, whichever applies.); and
- Any reimbursement is shown either on your Form W-2 or on line 7, Part I, Form 2106.

Enter the following amount on line 5:

- 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 25 or 26, whichever applies. Example: You paid \$600 for educational expenses. Your employer reimbursed you \$200. You would enter \$200 on line 5 and \$400 on **Schedule A** (Form 1040).
- If you received a partial reimbursement that was intended to cover all expenses described on lines 1, 2, 3, and 5, use the formula in **Publication 463** to figure the amount to enter.

### Part II

Generally, you may use either of two methods to determine your deductible car expenses for business purposes. These two methods are:

- The actual cost** of your car expenses (such as gas, oil, repairs, depreciation, section 179 expense, etc.). **OR**
- 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; or
  - More than one car is used in your business at a time; or
  - You elect to expense deductions for recovery property under section 179; or
  - Your car was placed in service before 1/1/81, and you used a method of depreciation other than straight-line in earlier years; or
  - Your car was placed in service during 1981 and you used ACRS (Accelerated Cost Recovery System) on this car last year. In this case, you must use actual expenses for as long as you use this car for business purposes.

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 mileage rate, you are considered to have made an election to exclude this car from ACRS.

### Actual Expenses

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

**Line 6.**—Do not deduct depreciation in excess of your basis or if your car is fully depreciated. For more information, see **Publication 463**.

The method of depreciation you may use depends on when you started using your car for business purposes (placed the car in service).

**Cars placed in service before 1/1/81.**—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 an-

other method of depreciation, see **Publication 534**. You cannot change to the Accelerated Cost Recovery System (ACRS).

**Cars placed in service after 12/31/80.**—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%

**Example:** You bought a new car, without a trade-in, for \$10,000 in September 1982, and used it 60% for business. You did not make the section 179 election. Your basis for depreciation is \$6,000 (\$10,000 × 60%). For 1982, your depreciation deduction is \$1,500 (\$6,000 × 25%). If your percentage of business use changes in 1983, you must refigure your basis for depreciation.

- 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.

See **Publication 463** for details on how to figure the deduction under either method and on how to figure your basis for depreciation if you traded in your car during 1982 for another car.

**Investment Credit.**—If you placed a car in service during 1982, see **Form 3468**, Computation of Investment Credit, to determine the amount of investment credit you can take.

**Line 9.**—You may elect to expense the total related to the percentage of business use of your car in an amount up to \$5,000 (\$2,500 if you are married filing a separate return). However, the total amount of section 179 expense you claim from all sources cannot be more than \$5,000 (\$2,500 if you are married filing a separate return). Reduce your basis for figuring depreciation on line 6 by any amount you elect to expense on line 9. See **Publication 463** for more information.

### Mileage Rate

Use 20¢ 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.

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. (For details, see **Publication 463**.)

**Line 16.**—Enter the business part of what you spent for parking, tolls, interest, and State and local taxes (except gasoline tax). The business part of parking and tolls is the amount you paid or incurred for business purposes. The business part of interest and State and local taxes is the total amount for these items multiplied by the percentage you get when you divide line C by line B.

### 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 the business or profession you are in now. This includes education that your employer, the law, or regulations require you to get in order to keep your job or your salary in this business or profession. 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 don't intend to change to a new business or profession. See **Publication 508** for more information on educational expenses.