Disney v. Commissioner, T.C. Memo. 1947

Expenses for meals consumed during daily commutes, even when work requires travel away from one's residence, are generally considered non-deductible personal expenses and not incurred while 'away from home' for tax purposes.

Summary

The Tax Court held that a railway postal clerk could not deduct the cost of meals eaten in Charlotte, North Carolina, during his daily round-trip route from Greenville, South Carolina. The court reasoned that these meal expenses were personal and not incurred while 'away from home' in the context of deductible travel expenses. The petitioner's situation was likened to that of any worker eating a meal away from their residence during a regular workday, regardless of location. The court distinguished between travel inherent to employment and personal expenses for sustenance.

Facts

The petitioner, a railway postal clerk, lived in Greenville, South Carolina, and worked a regular route to Charlotte, North Carolina, and back daily. His schedule involved leaving Greenville at 8:00 PM, arriving in Charlotte at 10:40 PM, having a meal, departing Charlotte at 11:48 PM, and returning to Greenville at 2:15 AM. He incurred expenses of $304 for 304 meals in Charlotte during 1945, averaging $1 per meal, which were not reimbursed by his employer. He was on duty from 7:55 PM to 2:15 AM, with a 30-minute meal break in Charlotte. The round trip was approximately 200 miles.

Procedural History

This case originated in the Tax Court of the United States. The Commissioner of Internal Revenue determined a deficiency in the petitioner's income tax for 1945, disallowing the deduction for meal expenses. The petitioner contested this determination in Tax Court.

Issue(s)

1. Whether the cost of meals consumed by a railway postal clerk in Charlotte, North Carolina, during his daily round-trip route from Greenville, South Carolina, constitutes a deductible expense 'away from home' under Section 23(a)(1)(A) of the Internal Revenue Code.

Holding

1. No, because the meal expenses are considered personal and not incurred while 'away from home' in the context of deductible travel expenses. The Tax Court sustained the Commissioner's disallowance of the deduction.

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Court’s Reasoning

The court reasoned that the meal expense was a personal expense, not materially different from a worker eating a meal at a restaurant in their home city. The court distinguished the petitioner’s situation from employment inherently requiring travel away from home, such as truckers or bus drivers on longer routes. The opinion stated, “*The petitioner was in no essentially different position from the worker who is unable to have one of his meals at home*.” It emphasized that the expense was for personal sustenance, stating, “*The expenses for which the petitioner herein is claiming a deduction are confined to the act of traveling. No part of them is expense inherent in supplying the personal needs of the petitioner, regardless of his location*.” The court cited *Commissioner v. Flowers*, 326 U.S. 465 (1946), for the principle that personal expenses are generally not deductible. It distinguished *Kenneth Waters*, 12 T.C. 414 (1949), noting that *Waters* involved deductible automobile travel expenses, not meal expenses, and concerned extra services beyond regular employment.

Practical Implications

This case reinforces the principle that daily commuting expenses, including meals, are generally considered non-deductible personal expenses, even when the commute involves travel to a different city. It clarifies that to be ‘away from home’ for tax purposes in the context of meal deductions typically requires travel that is more than just a daily commute and often involves overnight stays. Legal practitioners should advise clients that meal expenses are deductible as travel expenses only when they are incurred on trips that take them away from their tax home overnight and are directly related to business. This case serves as a reminder that the ‘away from home’ rule is narrowly construed and does not extend to the ordinary costs of commuting and daily sustenance, even if work requires being away from one’s residence during meal times.

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