17 T.C. 1261 (1952)

For tax purposes, a taxpayer's "home," when determining deductible travel expenses, is typically their principal place of business or employment, not necessarily their family residence.

Summary

Harold Johnson, a master mechanic, sought to deduct travel expenses for meals and lodging. His employer's temporary garage in Memphis was the location of approximately half of his work. He spent the other half at various job sites. The Tax Court had to determine whether Johnson's "home," for tax purposes, was in Memphis (his principal place of employment) or Statesville (where his family resided). The Court held that Johnson's tax home was Memphis; therefore, he could only deduct expenses incurred while working away from Memphis.

Facts

Harold Johnson was employed as a master mechanic by Foster and Creighton. He maintained construction equipment, spending approximately 50% of his time working in his employer's temporary garage in Memphis, Tennessee. The remaining 50% of his time was spent at various construction sites within 125-150 miles of Memphis. Johnson received orders from his employer's Nashville office and returned to the Memphis garage after each assignment. He spent weekends with his family in Statesville, Tennessee, where they lived in a rented house. Johnson also rented a room in Memphis.

Procedural History

The Commissioner of Internal Revenue determined a deficiency in Johnson's 1946 income tax. Johnson contested the determination, arguing that the Commissioner erred in disallowing a deduction for traveling expenses. The Tax Court reviewed the Commissioner's determination.

Issue(s)

Whether the Tax Court erred in determining that the location of the Petitioner's "home", for purposes of deducting travel expenses under sections 22(n)(2) and 23(a)(1)(A) of the Internal Revenue Code, was Memphis, Tennessee where his principal place of employment was located, rather than Statesville, Tennessee where his family resided?

Holding

No, because for the purposes of deducting travel expenses, a taxpayer's "home" is defined as their principal place of business or employment.

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Court’s Reasoning

The Tax Court relied on the Supreme Court’s decision in *Commissioner v. Flowers, 326 U.S. 465 (1946)*, which addressed the meaning of “home” in the context of travel expense deductions. The Court stated that the Tax Court and administrative rulings consistently defined it as the equivalent of the taxpayer’s place of business. Because Johnson spent approximately half his working time in Memphis, and it was the location to which he returned after temporary assignments, the Tax Court determined that Memphis was Johnson’s “home” for tax purposes. The Court then allowed Johnson to deduct expenses incurred while working away from Memphis, using the *Cohan* rule (*Cohan v. Commissioner, 39 F.2d 540*) to estimate the amount of deductible expenses due to a lack of detailed records.

Practical Implications

This case clarifies the definition of “home” for travel expense deductions under the Internal Revenue Code. It establishes that a taxpayer’s principal place of business or employment generally determines their tax home, regardless of where their family resides. This ruling has significant implications for individuals who work in one location but maintain a residence elsewhere, limiting their ability to deduct expenses incurred in their principal place of employment. Later cases applying this ruling must focus on whether the location was truly the ‘principal’ place of business, not merely a temporary work site.

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