Kenneth Waters, 12 T.C. 414 (1949)

Railroad workers who are required to remain at away-from-home terminals to obtain necessary rest before making a return run are entitled to deduct the cost of meals while away from home, even if the rest period is relatively short.

Summary

The Tax Court held that a railroad worker could deduct the cost of meals purchased at his away-from-home terminal, Oklahoma City, during short layovers between runs. The court reasoned that the worker was in travel status "away from home" because his work schedule required consecutive round trips with rest periods at the away-from-home terminal. The court distinguished this situation from a "turn-around" run where workers are not required to obtain rest away from their home terminal. The court emphasized that it would be too narrow a view of the facts not to regard both round trips as overnight trips.

Facts

The petitioner, a railroad worker, made round trips between Parsons, Kansas, and Oklahoma City, Oklahoma. Each round trip was 414 miles and took 16-18 hours. After each outbound run to Oklahoma City, the petitioner had a rest period of 2.5 to 3 hours before commencing the return trip. The petitioner's schedule required him to make two consecutive round trips, spending two nights out of three away from his home terminal. The petitioner purchased breakfast, lunch, and dinner at his own expense in Oklahoma City during these rest periods.

Procedural History

The Commissioner of Internal Revenue disallowed the petitioner's deduction for meal expenses. The petitioner appealed to the Tax Court.

Issue(s)

Whether the petitioner's expense for meals at his away-from-home terminal is deductible as a traveling expense under Section 23(a)(1)(A) of the Internal Revenue Code.

Holding

Yes, because the petitioner's work schedule required him to make consecutive round trips with necessary rest periods at the away-from-home terminal, placing him in a travel status "away from home" as contemplated by Section 23(a)(1)(A).

Court's Reasoning

The court relied on Section 23(a)(1)(A) of the Internal Revenue Code, which allows

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for the deduction of traveling expenses, including meals and lodging, while away from home in the pursuit of a trade or business. The court referenced I.T. 3395, a prior IRS ruling, which stated that "locomotive engineers and other railroad trainmen, who are required to remain at away-from-home terminals in order to obtain necessary rest prior to making a further run or beginning a return run to the home terminal are entitled to deduct for Federal income tax purposes the cost of room rental and meals while away from home on such runs." The court distinguished this case from *Fred Marion Osteen, 14 T.C. 1261*, where the taxpayer's work day was shorter and involved a "turn-around" run without a rest period. The court emphasized that the petitioner's two consecutive round trips should be considered "overnight trips" and that the rest period in Oklahoma City was necessary. The court stated, "We think it is too narrow a view of the facts not to regard both round trips as overnight trips."

Practical Implications

This case clarifies the deductibility of meal expenses for transportation workers who have short layovers at away-from-home terminals. It establishes that even a relatively short rest period can qualify as being "away from home" if the work schedule necessitates the rest and involves consecutive trips. This case illustrates how the Tax Court interprets "away from home" and provides a helpful example for similar situations involving transportation workers or other employees who travel frequently. The ruling in I.T. 3395, which the court relied on, continues to be relevant, though it's essential to consider subsequent case law and IRS guidance to determine if similar expenses are deductible today.

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