23 T.C. 653 (1955)

Employee travel expenses are deductible under section 22(n)(2) of the Internal Revenue Code only if they are incurred in connection with the performance of services as an employee; commuting expenses between home and a place of employment are not deductible.

Summary

The case involves a high school principal who also taught at a university in a different city. He sought to deduct the expenses of driving between his home and the university. The Tax Court held that these expenses were not deductible under section 22(n)(2) of the Internal Revenue Code of 1939, which allowed deductions for travel expenses "in connection with the performance by him of services as an employee." The Court reasoned that the travel was essentially commuting, not directly tied to the performance of his employment duties, as neither employer required the travel.

Facts

Douglas A. Chandler was employed as a high school principal in Attleboro, Massachusetts, where he resided. He also worked as an instructor at Boston University in Boston, Massachusetts, approximately 37 miles away, two evenings a week. Chandler used his personal automobile to travel between Attleboro and Boston. Neither employer required Chandler to incur travel expenses, nor did they reimburse him for those expenses. On his 1950 tax return, Chandler deducted these automobile expenses.

Procedural History

The Commissioner of Internal Revenue disallowed Chandler's deduction for travel expenses, determining a tax deficiency. Chandler petitioned the United States Tax Court, challenging the Commissioner's disallowance of the deduction. The Tax Court considered the case based on stipulated facts, ruling in favor of the Commissioner.

Issue(s)

Whether the automobile expenses incurred by Chandler traveling between his home and Boston University are deductible as "expenses of travel … in connection with the performance by him of services as an employee" under Section 22(n)(2) of the Internal Revenue Code of 1939.

Holding

No, because the travel expenses were not incurred in connection with the performance of his services as an employee; the expenses were, in essence, commuting expenses.

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Court’s Reasoning

The Tax Court focused on the interpretation of Section 22(n)(2) of the Internal Revenue Code of 1939, specifically the phrase “in connection with the performance by him of services as an employee.” The Court distinguished between travel expenses incurred as a necessary part of performing employment duties and ordinary commuting expenses. The Court emphasized that Chandler’s home was in Attleboro and his primary employment was there. Teaching at Boston University did not inherently require him to travel, and neither employer required or reimbursed him for the travel expenses. The Court found that the travel expenses were more akin to commuting expenses, which are generally not deductible. The Court cited other cases where travel expenses were deductible when use of an automobile was ‘necessary in carrying out his duties as an employee.’

Practical Implications

This case clarifies the limits on the deductibility of employee travel expenses under the Internal Revenue Code. It underscores that expenses for travel between home and a regular place of employment are typically considered non-deductible commuting expenses. For legal practitioners, this case provides a framework for analyzing similar fact patterns. The case also highlights the importance of determining whether the travel is a direct and necessary part of performing the employee’s duties or is simply a means of getting to and from work. If the employer requires travel or reimburses for it, it is more likely to be deductible. Later cases have followed and distinguished this ruling, reinforcing that ordinary commuting costs are generally not deductible, and this case continues to be cited.

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