Peurifoy v. Commissioner, 27 T.C. 161 (1956)

Expenses for meals, lodging, and transportation incurred by construction workers at a temporary work site away from their residences are deductible as business expenses.

Summary

This case concerns the deductibility of expenses incurred by construction workers for meals, lodging, and transportation while working at a job site away from their residences. The Commissioner argued that these expenses were personal and not deductible. The Tax Court held that because the employment was temporary in nature, and the workers maintained their residences at a separate location, these expenses were deductible business expenses. The court emphasized that the nature of the employment, not its duration, determined whether expenses were considered business related or personal, and it hinged on whether the worker could reasonably be expected to establish a residence at the temporary work site.

Facts

The petitioners, Peurifoy, Stines, and Hall, were construction workers who resided in Kure Beach (near Wilmington), and Raleigh, North Carolina, respectively. They belonged to local unions and obtained employment through them. They worked at various job sites, some near their residences and some at distant points, for varying periods. They were not guaranteed any specific employment duration at any given job. They maintained their residences at these locations throughout the periods in question. The employment at the duPont plant in Kinston lasted approximately 20.5 months for Peurifoy, 12.5 months for Stines, and 8.5 months for Hall. Upon completion of each job, they returned to their residences.

Procedural History

The case was brought before the Tax Court. The petitioners sought to deduct expenses for meals, lodging, and transportation to and from the Kinston job site. The Commissioner disallowed the deductions, arguing these were personal expenses. The Tax Court ruled in favor of the petitioners, allowing the deductions.

Issue(s)

1. Whether the expenses incurred for meals, lodging, and transportation by construction workers at a work site away from their residences are deductible as ordinary and necessary business expenses.

2. Whether the duration of the employment at the Kinston site transformed the nature of the work, and the related expenses, from being temporary to indefinite.

Holding

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1. Yes, because the employment was temporary in nature, the expenses were incurred in the pursuit of their trade and deductible.

2. No, because the length of the work at the duPont plant did not transform it into permanent work, as there was no guarantee of employment for a specified time period. The workers maintained their residences at separate locations and could not reasonably be expected to move.

Court's Reasoning

The court began by acknowledging the general rule that expenses for meals and lodging are personal and not deductible, unless they are incurred "while away from home in the pursuit of a trade or business." The court cited *Commissioner v. Flowers* to underscore that business trips are determined by business demands, not personal convenience. The court distinguished the case from situations where taxpayers chose to live far from their employment for personal reasons, deeming those expenses non-deductible. The court found that the construction workers' employment was temporary, and they could not be expected to establish a new residence at each job site. The court considered that the workers returned to their homes when work was completed. The Court distinguished this case from ones where employment was indefinite or permanent, as was the case in *Willard S. Jones, Beatrice H. Albert, Andrews v. Commissioner, and Ford v. Commissioner.* The court also distinguished the situation from those cases where employment might appear temporary, but in fact continued for a long time.

Practical Implications

This case establishes a distinction between temporary and indefinite employment for purposes of deducting travel expenses. Attorneys advising construction workers, or others in similar employment situations, should carefully assess whether the worker maintained a separate residence and was only temporarily employed at the distant job site. The court's emphasis on the

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