***Stratton v. Commissioner, 52 T. C. 378 (1969)***

Travel expenses incurred during home leave are not deductible as business expenses if the primary purpose of the leave is personal.

**Summary**

In Stratton v. Commissioner, the U. S. Tax Court ruled that a foreign service officer's travel expenses during his home leave were not deductible as business expenses. Bruce Cornwall Stratton, a foreign service officer, sought to deduct expenses for food, lodging, and transportation during his home leave in the U. S. The court found that the primary purpose of the leave was personal, not business-related, thus disallowing the deductions. The decision was based on the dominant motive of both the employer and employee being personal convenience, supported by the lack of compulsion to take the leave and the personal nature of the activities during the leave.

**Facts**

Bruce Cornwall Stratton, a foreign service officer with the Department of State, was assigned to Karachi, Pakistan. In September 1962, he was ordered to return to the U. S. for a consultation in Washington, D. C. , followed by home leave. Home leave was granted under the Foreign Service Act of 1946, allowing officers to take leave in the U. S. after continuous service abroad. Stratton's home leave lasted from October 15, 1962, to either January 15, 1963, or February 15, 1963, during which he was free to travel within the U. S. as he pleased. He claimed deductions for unreimbursed expenses incurred during this period, totaling $3,040 in 1962 and $2,250 in 1963, which were disallowed by the Commissioner of Internal Revenue.

**Procedural History**

The Commissioner of Internal Revenue determined deficiencies in Stratton's income tax for 1962 and 1963 due to the disallowance of his claimed travel expense deductions. Stratton petitioned the U. S. Tax Court for a redetermination of the deficiencies. The Tax Court reviewed the case and issued its decision on June 4, 1969, ruling in favor of the Commissioner.

**Issue(s)**

1. Whether the travel expenses incurred by Bruce Cornwall Stratton during his home leave in the U. S. are deductible as ordinary and necessary expenses incurred in the pursuit of his trade or business as a foreign service officer?

**Holding**

1. No, because the primary purpose of Stratton's home leave was personal, not business-related. The court found that the dominant motive and purpose of the

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Department of State in granting home leave and of Stratton in taking it was to provide him with a vacation.

**Court’s Reasoning**

The court applied Section 162(a)(2) of the Internal Revenue Code, which allows deductions for travel expenses while away from home in the pursuit of a trade or business. The court determined that Stratton’s home leave did not meet this criterion because it was primarily for personal convenience. The court cited the “Authorization of Official Travel” document, which indicated that home leave was granted “at the employee’s request and for his personal convenience. ” The court also referenced the Foreign Service Manual and Foreign Affairs Manual, which detailed the personal nature of home leave and its accrual like vacation time. The court drew parallels to the case of Rudolph v. United States, where a similar conclusion was reached regarding the personal nature of a convention trip. The court emphasized that the dominant motive of both the employer and employee in granting and taking home leave was personal, thus disallowing the deductions. The court noted, “From the petitioner’s point of view, his home leave was primarily a pleasure trip in the nature of a vacation. “

**Practical Implications**

This decision impacts how foreign service officers and other employees with similar leave policies should approach the deductibility of travel expenses during home leave. It establishes that for such expenses to be deductible, the primary purpose of the leave must be business-related, not personal. Legal practitioners should advise clients to carefully document the business purpose of any travel to support deductions, especially when the leave is discretionary and primarily for personal enjoyment. This ruling may influence how employers structure leave policies to clarify the business versus personal nature of such leaves. Subsequent cases, such as those involving other federal employees or international workers, may reference Stratton v. Commissioner when addressing the deductibility of travel expenses during leave periods. The decision underscores the importance of understanding the dominant motive behind travel to determine its tax treatment.

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