Sanders v. Commissioner, 52 T. C. 964 (1969)

Commuting expenses between home and a permanent place of employment are personal and not deductible as business expenses under IRC section 162.

Summary

The petitioners, civilian employees at Vandenberg Air Force Base, sought to deduct their automobile expenses for travel between their residences and the base, claiming it as a business expense. The IRS disallowed these deductions, categorizing them as nondeductible commuting expenses. The Tax Court affirmed this decision, ruling that commuting expenses are personal and not deductible under IRC section 162, even when employees cannot live near their workplace due to military restrictions. The court emphasized the principle that commuting costs are not deductible, regardless of the distance or lack of public transportation, to maintain tax equity among all commuters.

Facts

Petitioners were civilian engineers and technicians employed permanently at Vandenberg Air Force Base. They lived in surrounding communities as military personnel were the only ones permitted to live on the base. The petitioners used their personal vehicles to commute to work because no public transportation was available. They sought to deduct their automobile expenses for the distance between their worksites and the nearest habitable community to the base on their 1965 Federal income tax returns, which the IRS disallowed as commuting expenses.

Procedural History

The IRS disallowed the petitioners' deductions, asserting that the expenses were personal and not incurred in carrying on any trade or business. The petitioners appealed to the United States Tax Court, which consolidated several related cases. The Tax Court upheld the IRS's decision, ruling that the commuting expenses were nondeductible under section 162 of the Internal Revenue Code.

Issue(s)

1. Whether the petitioners' automobile expenses for travel between their residences and Vandenberg Air Force Base are deductible as business expenses under IRC section 162.

Holding

1. No, because the expenses were deemed commuting expenses and thus personal and not deductible under IRC section 162.

Court's Reasoning

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The court reasoned that commuting expenses are personal and not deductible as business expenses under IRC section 162, following established precedent. The court cited *United States v. Correll*, which clarified that travel expenses are only deductible if the trip requires sleep or rest, a condition not met by the petitioners' daily commutes. The court also referenced *Smith v. Warren*, where similar commuting expenses were disallowed, and emphasized the need for uniform tax treatment among all commuters, urban or rural. The court rejected the petitioners' argument that limiting deductions to the distance between the base and the nearest community justified their claim, stating that commuting is commuting regardless of location or transportation availability. The court underscored the principle of tax equity, noting that allowing deductions for these petitioners would unfairly favor them over urban commuters with similar circumstances.

Practical Implications

This decision reinforces that commuting expenses are not deductible under IRC section 162, regardless of the distance traveled, the availability of public transportation, or the reason for living away from the workplace. Legal practitioners should advise clients that only travel expenses that necessitate sleep or rest away from home are deductible. This ruling impacts employees in remote work locations, ensuring they are treated the same as urban commuters. Businesses should not expect to provide tax deductions for employees' commuting costs, even when work is located in areas without public transportation or suitable housing. Subsequent cases like *United States v. Tauferner* have applied this ruling, maintaining consistency in the treatment of commuting expenses across different jurisdictions.

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