Flowers v. Commissioner, 42 T. C. 682 (1964)

A taxpayer's "tax home" for travel expense deductions is their regular place of residence if their work assignments are temporary and away from that residence.

Summary

In Flowers v. Commissioner, the Tax Court determined that the taxpayer's "tax home" remained at his residence in Williamsport, Maryland, despite working at various temporary job sites. The taxpayer initially claimed his tax home was at his union's headquarters in Washington, D. C. , but later retracted this claim. The court found that because his employment at different locations was temporary, his residence did not lose its status as his tax home. Therefore, he was entitled to deduct travel expenses related to his work at Landover, as these were incurred away from his tax home. This case clarifies the criteria for determining a taxpayer's tax home for travel expense deductions.

Facts

The taxpayer, employed in various temporary positions during the tax year, initially claimed his tax home was at his union's headquarters in Washington, D. C. However, he later acknowledged that his actual home was in Williamsport, Maryland, where he lived with his family on weekends and during periods of unemployment. He worked at temporary job sites in Chalk Point, Front Royal, and Landover. The IRS disallowed his travel expense deductions, asserting that his tax home was in Washington, D. C. , due to his union's role in securing his employment.

Procedural History

The IRS disallowed the taxpayer's travel expense deductions, leading to a deficiency notice. The taxpayer petitioned the Tax Court, initially claiming his tax home was at the union headquarters in Washington, D. C. At trial, he changed his position to argue that his tax home was in Williamsport, Maryland. The Tax Court ultimately ruled in favor of the taxpayer.

Issue(s)

1. Whether the taxpayer's "tax home" for the purpose of travel expense deductions under Section 162(a) was his residence in Williamsport, Maryland, or the union headquarters in Washington, D. C.

Holding

1. Yes, because the taxpayer's employment at various locations was temporary, and his residence in Williamsport did not cease to be his "tax home" for tax purposes.

Court's Reasoning

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The court applied the rule from Ronald D. Kroll, which states that a taxpayer's residence is not their "tax home" if it is away from their non-temporary principal place of business. However, since the taxpayer's employment at Chalk Point, Front Royal, and Landover was temporary, his residence in Williamsport remained his tax home. The court rejected the IRS's argument that the union headquarters in Washington, D. C. , was the taxpayer's principal place of business, as his actual work and income were generated at the temporary job sites. The court noted that the union's role in securing employment did not transform Washington, D. C. , into his tax home. The court emphasized that "when a taxpayer does not have a non-temporary principal place of business away from the vicinity of his residence, then his place of residence remains his home for tax purposes. "

Practical Implications

This decision clarifies that for taxpayers with temporary work assignments, their regular place of residence remains their "tax home" for the purpose of travel expense deductions. Legal practitioners should advise clients to carefully consider the nature of their employment when claiming travel expenses, ensuring that temporary work does not shift their tax home away from their primary residence. This ruling impacts how businesses structure employee assignments and how individuals plan their tax strategies regarding travel expenses. Subsequent cases, such as Commissioner v. Peurifoy, have further developed the tax home concept, emphasizing the temporary nature of work assignments as a key factor in determining tax home status.

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