Arnold T. and Rae Anderson, Petitioners v. Commissioner of Internal Revenue, Respondent, 55 T. C. 756 (1971)

When an employee must transport heavy or bulky work materials to their job, they may deduct the excess cost of using their vehicle over alternative transportation, even if they would have commuted regardless.

Summary

Arnold Anderson, a Pan American World Airlines pilot, claimed a deduction for his automobile expenses when commuting from home to John F. Kennedy Airport, where he carried a heavy flight kit and personal effects. The Tax Court held that, following precedent from the Second Circuit, Anderson was entitled to a partial deduction. The court allocated the deduction as the difference between the cost of driving and the cost of alternative transportation, resulting in a deduction of $132 for 80 trips. This ruling underscores the necessity of allocating commuting expenses when heavy or bulky work materials are involved.

Facts

Arnold T. Anderson was an international airline pilot for Pan American World Airlines, residing in Huntington, New York. In 1965, he made 40 round trips between his home and John F. Kennedy Airport, using his personal automobile. Anderson carried a 30-pound flight kit and a 35 to 45-pound bag of personal effects required for his job. Alternative transportation was available but would have been more cumbersome, involving a taxi, train, and bus. Anderson calculated his transportation expenses at 10 cents per mile, totaling $4. 50 per one-way trip. He testified that he would not have driven without the necessity of transporting these items, although the court found otherwise.

Procedural History

The Commissioner of Internal Revenue determined a deficiency in the Andersons' 1965 income taxes. The Andersons petitioned the U. S. Tax Court, which reviewed the case and issued its opinion on February 16, 1971. The court considered prior decisions from the Second Circuit Court of Appeals and its own precedents in deciding the case.

Issue(s)

1. Whether Arnold Anderson is entitled to a deduction for his automobile expenses when commuting to John F. Kennedy Airport, given that he transported heavy and bulky work materials?
2. If so, how should the deduction be calculated?

Holding

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1. Yes, because the Second Circuit's precedent in Sullivan v. Commissioner requires an allocation of commuting expenses when heavy or bulky materials are transported, even if the taxpayer would have commuted regardless.
2. The deduction should be calculated as the excess cost of using the automobile over the cost of alternative transportation, resulting in a deduction of $132 for 80 trips.

Court's Reasoning

The Tax Court followed the Second Circuit's decision in Sullivan v. Commissioner, which mandated an allocation of commuting expenses when heavy or bulky work materials are involved. The court rejected the Commissioner's argument that Anderson should not receive any deduction because alternative transportation would have been more expensive, considering the impracticality of using a taxi for part of the journey. The court applied a guideline from its prior decision in Robert A. Hitt, allowing a deduction only for the additional expense incurred due to transporting heavy or bulky items. It calculated the deduction based on the difference between Anderson's automobile expense and the cost of alternative transportation, excluding the cost of a taxi from his home to the train station. The court noted the difficulty in allocating such expenses on a case-by-case basis and suggested that future regulations might provide a more administrable solution.

Practical Implications

This decision impacts how commuting expenses are analyzed when employees must transport heavy or bulky work materials. Taxpayers in circuits following the Second Circuit's precedent can claim a partial deduction for their commuting expenses, calculated as the excess cost over alternative transportation. This ruling may influence legal practice by requiring attorneys to consider alternative transportation costs when advising clients on deductions. Businesses employing workers who must transport such materials may need to adjust their compensation or expense policies. Subsequent cases, such as Tyne v. Commissioner, have continued to grapple with allocation methods, indicating ongoing relevance and potential for further refinement in this area of tax law.

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