Blatnick v. Commissioner, 56 T. C. 1344 (1971)

Travel expenses are not deductible when employment is indefinite rather than temporary, even if the job site changes.

Summary

Edward Blatnick, a heavy equipment operator, worked on the Blanco Tunnel project for over three years, with periodic layoffs, and claimed travel expenses for 1967. The IRS denied these deductions, arguing his employment was indefinite. The Tax Court agreed, ruling that Blatnick's job was not temporary because it could reasonably be expected to continue indefinitely. The court emphasized that brief layoffs and geographical shifts within the same project did not make the employment temporary. This decision clarifies that for travel expenses to be deductible, the employment must be truly temporary, not merely subject to periodic interruptions.

Facts

Edward Blatnick, a heavy equipment operator, was employed by Colorado Constructors, Inc. , on the Blanco Tunnel project starting in July 1965. He experienced several layoffs, each lasting a few weeks, but was consistently recalled to the same project. Blatnick maintained an apartment near the job site and made biweekly trips to his home in Durango, Colorado, where his wife resided. In 1967, Blatnick claimed deductions for travel expenses, including apartment rent, meals, and mileage between his apartment, the job site, and his home.

Procedural History

The Commissioner of Internal Revenue issued a notice of deficiency for Blatnick's 1967 tax return, disallowing the claimed travel expense deductions. Blatnick and his wife petitioned the U. S. Tax Court for a redetermination of the deficiency. The court heard the case and issued its opinion on September 22, 1971, upholding the Commissioner's determination.

Issue(s)

1. Whether Blatnick's employment at the Blanco Tunnel project was temporary or indefinite for the purpose of deducting travel expenses under Section 162(a)(2) of the Internal Revenue Code.

Holding

1. No, because Blatnick's employment at the Blanco Tunnel was indefinite rather than temporary, as it could reasonably be expected to continue over a long period with only brief interruptions.

Court's Reasoning

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The court applied the principle that travel expenses are deductible only if the employment is temporary, defined as employment where termination within a short period could be foreseen. The court found Blatnick's employment at the Blanco Tunnel to be indefinite because it lasted over three years with only brief layoffs due to weather conditions. The court noted that Blatnick's continuous maintenance of an apartment near the job site indicated an expectation of long-term employment. The court also distinguished between temporary and indefinite employment by citing previous cases, emphasizing that brief interruptions and geographical shifts within the same project do not make employment temporary. The court quoted from Commissioner v. Peurifoy to highlight the transient yet potentially long-lasting nature of heavy construction work. The court concluded that Blatnick's principal place of employment was near the Blanco Tunnel, making his travel expenses nondeductible.

Practical Implications

This decision impacts how taxpayers in the construction industry and other fields with similar employment patterns should approach travel expense deductions. It underscores the need to distinguish between temporary and indefinite employment, with only the former qualifying for deductions. Legal practitioners must carefully analyze the nature of employment, considering factors like job duration, layoffs, and the taxpayer's expectations. This ruling may affect how businesses structure employment arrangements to comply with tax regulations. Subsequent cases, such as Rev. Rul. 93-86, have further clarified the distinction between temporary and indefinite employment, reinforcing the principles established in Blatnick.

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