Thomas J. Green, Jr. , and Ellen S. Green, Petitioners v. Commissioner of Internal Revenue, Respondent, 59 T. C. 456 (1972)

Commuting expenses between home and work are not deductible, even if the taxpayer uses a home office for work-related activities.

Summary

Thomas J. Green, Jr. , a salesman for ABC, claimed a deduction for automobile expenses incurred while driving from his Long Island home to his Manhattan office via clients' offices. The Tax Court held that these expenses were nondeductible commuting costs, not business expenses, despite Green's use of a home office. The court emphasized that commuting expenses remain personal and nondeductible regardless of home office use unless the home is the principal place of business.

Facts

Thomas J. Green, Jr. , was employed as a salesman by the American Broadcasting Co. (ABC) with his office located in Manhattan. He lived in a seven-room house in Port Washington, Long Island, where he used a den to review business activities and plan his work. Green drove from his home to Manhattan, stopping at clients' offices before going to his own office on 80 specific days in 1967. He claimed these trips as business expenses, asserting that his home office made his home a second place of work.

Procedural History

The Commissioner of Internal Revenue determined a deficiency in Green's 1967 federal income tax and disallowed the claimed deduction for automobile expenses. Green petitioned the U. S. Tax Court, which held that the expenses were nondeductible commuting costs.

Issue(s)

1. Whether automobile expenses incurred by Thomas J. Green, Jr. , in driving between his Long Island residence and his Manhattan business office via various clients' Manhattan offices on 80 specific days in 1967 are deductible business expenses.

Holding

1. No, because the travel expenses were nondeductible commuting costs, not business expenses. Green's use of a home office did not convert his home into a first and last place of work for tax purposes.

Court's Reasoning

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The court applied Section 162 of the Internal Revenue Code, which allows a deduction for business expenses, and Section 262, which disallows deductions for personal expenses like commuting. The court rejected Green's argument that his home office made his home a second place of work, citing that commuting expenses remain nondeductible personal expenses. The court emphasized that for a home to be considered a place of work for commuting purposes, it must be the principal office, which Green's den was not. The court also noted that Green's choice to work from home was for personal convenience, not required by his employer. The court further clarified that while Green could deduct expenses for travel between his office and clients' offices, the trip from his home to the first client's office remained nondeductible commuting. The court cited cases like *Commissioner v. Flowers* and *Julio S. Mazzotta* to support its ruling that commuting expenses are personal, not business expenses.

Practical Implications

This decision reinforces that commuting expenses are nondeductible personal expenses, even if a taxpayer uses a home office for work-related activities. It clarifies that only a principal place of business at home can potentially allow for deductions of travel expenses between home and work. Taxpayers cannot circumvent the commuting expense rule by setting up a home office for convenience. Practitioners should advise clients that only expenses directly related to business travel between work locations are deductible, not the initial commute from home. This case also highlights the importance of distinguishing between personal and business use of a home office for tax purposes, affecting how similar cases are analyzed and how legal practice in this area should be approached.

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