Anderson v. Commissioner, 60 T. C. 834 (1973)

Commuting expenses remain nondeductible even when a union requires employees to report to a union hall before work.

Summary

In Anderson v. Commissioner, the U. S. Tax Court ruled that Elsie Anderson could not deduct her transportation costs from a union hall to her work locations as business expenses. Anderson, a banquet waitress, had to visit her union's hall daily to receive her work assignment. Despite this requirement, the court held that her travel to and from work was still considered commuting, which is traditionally nondeductible under Section 162(a) of the Internal Revenue Code. The decision emphasizes that commuting expenses are personal, not business-related, even when influenced by union rules, reinforcing the established tax principle of non-deductibility for commuting costs.

Facts

Elsie Anderson worked as a banquet waitress in Boston, Massachusetts. She was required by her union, Local 34 of the Bartenders and Dining Room Employees Union, to report to the union hall to receive her daily work assignment. After receiving her assignment, she drove from the union hall to her work location and parked there. In 1969, Anderson incurred $195 in driving costs from the union hall to her places of employment and $390 in parking fees. She claimed these expenses as business deductions on her tax return, which the Commissioner of Internal Revenue disallowed.

Procedural History

The Andersons filed a petition with the U. S. Tax Court to contest the Commissioner's determination of a $219. 56 deficiency in their 1969 federal income tax, based on the disallowed deduction of Anderson's commuting expenses. The Tax Court reviewed the case and issued its decision on September 5, 1973.

Issue(s)

1. Whether the costs incurred by Elsie Anderson in driving from the union hall to her places of employment and parking at work are deductible under Section 162(a) of the Internal Revenue Code as ordinary and necessary business expenses.

Holding

1. No, because the costs were considered nondeductible commuting expenses, even though Anderson had to report to the union hall first.

Court's Reasoning

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The court applied the longstanding rule that commuting expenses are not deductible under Section 162(a), as commuting is considered a personal expense influenced by one's choice of residence. The court cited cases such as United States v. Tauferner and Steinhort v. Commissioner to reinforce this principle. It rejected Anderson's argument that the union hall served as an office, stating that she merely picked up her assignment there without performing work-related tasks. The court emphasized that the requirement to visit the union hall was imposed by the union, not her employers, and did not constitute a business trip. The decision upheld the non-deductibility of commuting expenses to maintain uniform tax treatment across taxpayers.

Practical Implications

This ruling reaffirms that commuting expenses are not deductible, even when influenced by union rules or other external requirements. Legal practitioners should advise clients that travel to and from work remains a personal expense, regardless of intermediate stops mandated by third parties. This decision has implications for unions and employees, as it may influence how unions structure their assignment processes and how employees plan their tax deductions. Subsequent cases continue to reference Anderson when addressing commuting expense deductions, maintaining its significance in tax law.

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