Gardin v. Commissioner, 64 T. C. 1079 (1975)

A professional athlete's 'home' for tax purposes under section 162(a)(2) is at the franchise location where they are employed, not their personal residence.

Summary

Ronald L. Gardin, a professional football player, sought to deduct living expenses incurred at the franchise locations of the Baltimore Colts and New England Patriots as 'away from home' expenses. The Tax Court held that Gardin's 'home' for tax purposes was the franchise location of his employment, not his personal residence in Tucson, Arizona. The court found that Gardin's employment with the teams was sufficiently permanent to establish the franchise locations as his tax home, disallowing the deductions. This ruling clarified that professional athletes must establish their 'home' at their employment location for tax deduction purposes.

Facts

Ronald L. Gardin was a professional football player who signed contracts with the Baltimore Colts for the 1970, 1971, and 1972 seasons. He resided in Tucson, Arizona, where he had purchased a home. Gardin played for the Colts in 1970 and part of 1971 before being traded to the New England Patriots in September 1971. He incurred living expenses at the franchise locations of both teams, which he attempted to deduct as 'away from home' expenses under section 162(a)(2) of the Internal Revenue Code.

Procedural History

The Commissioner of Internal Revenue determined a deficiency in Gardin's 1971 federal income taxes and disallowed the claimed deductions. Gardin petitioned the United States Tax Court for a redetermination of the deficiency. The court, in a decision by Judge Tannenwald, upheld the Commissioner's disallowance of the deductions.

Issue(s)

1. Whether Gardin's living expenses at the franchise locations of the Baltimore Colts and New England Patriots were deductible under section 162(a)(2) as expenses incurred 'away from home'?

Holding

1. No, because Gardin's 'home' for tax purposes was at the franchise location of his employment, not his personal residence in Tucson.

Court's Reasoning

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The court reasoned that Gardin's employment with the Colts and Patriots was sufficiently permanent to establish the franchise locations as his tax home. The court emphasized that Gardin had multi-year contracts with the teams and that his employment did not have the 'quality of impermanence' necessary to classify it as temporary. The court cited previous cases, such as Wills v. Commissioner, to support its conclusion that a professional athlete's tax home is typically at the franchise location. The court also noted that allowing deductions for living expenses at franchise locations would lead to an unintended result of most professional athletes being able to deduct such expenses.

Practical Implications

This decision established that professional athletes must treat their franchise location as their 'home' for tax purposes when seeking to deduct travel expenses under section 162(a)(2). Attorneys representing professional athletes should advise clients to establish their primary residence at the franchise location to maximize potential deductions. The ruling also impacts how similar cases involving other professional sports should be analyzed, focusing on the permanence of employment at the franchise location. Subsequent cases have applied this principle, reinforcing the notion that a professional athlete's tax home is typically where their team is based.

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