Bochner v. Commissioner, 64 T. C. 851 (1975)

A taxpayer's tax home for purposes of deducting travel expenses under Section 162(a)(2) is where the taxpayer has substantial continuing living expenses, not merely where the taxpayer desires to return.

Summary

In Bochner v. Commissioner, the Tax Court determined that the petitioner, Benjamin G. Bochner, could not deduct travel expenses because Glendora, California, was not his tax home during 1971. Bochner, an engineer, had been laid off from his job in Glendora and took temporary employment in Washington and Massachusetts. Despite retaining an apartment in Glendora, the court found his connections to the area were too minimal to qualify as his tax home. The decision hinges on the requirement that a tax home involves substantial ongoing living expenses and is not merely a place one desires to return to. This case underscores the importance of demonstrating a strong connection to a location to claim it as a tax home for travel expense deductions.

Facts

Benjamin G. Bochner, an engineer, was laid off from Aerojet General Corp. in Glendora, California, in February 1970. He continued to rent an apartment in Glendora until January 1971 while seeking new employment. On January 11, 1971, he took temporary work in Richland, Washington, and then in Boston, Massachusetts, from June to September 1971. He returned to Richland for more temporary work in November 1971. Throughout 1971, Bochner maintained his Glendora apartment, hoping to return there, but did not physically return until January 1972 when he obtained permanent employment in Richland. He claimed $9,323. 96 in travel expenses for 1971, which the IRS disallowed, arguing that his tax home was wherever he worked, not Glendora.

Procedural History

Bochner filed a petition with the Tax Court challenging the IRS's disallowance of his travel expense deductions for 1971. The IRS argued that Bochner's tax home was not Glendora, and thus, his travel expenses were personal living expenses under Section 262, not deductible business expenses under Section 162(a)(2).

Issue(s)

1. Whether Glendora, California, was petitioner's tax home during 1971, thereby entitling him to deduct travel and living expenses incurred in connection with temporary employment away from Glendora.
2. Whether petitioner substantiated the claimed travel expenditures.
3. Whether petitioner is entitled to a theft loss deduction for his stolen automobile.

© 2025 SCOTUSreports.com. All rights reserved.

Holding

1. No, because petitioner's connections to Glendora were minimal, and he did not incur substantial continuing living expenses there.
2. The court did not reach this issue due to the determination that Glendora was not the tax home.
3. No, because petitioner failed to demonstrate the stolen automobile's value exceeded the insurance proceeds received.

Court's Reasoning

The court applied the principle that a taxpayer's tax home for travel expense deductions must be where they incur substantial ongoing living expenses. It distinguished between a tax home and a place one desires to return to, stating, "To hold otherwise would place petitioner's home where his heart lies and render section 162(a)(2) a vehicle by which to deduct the full spectrum of one's personal and living expenses. " The court found that Bochner's only connection to Glendora was his apartment, which he retained for personal reasons rather than business necessity. The court cited cases like Kenneth H. Hicks and Truman C. Tucker to support the notion that a tax home cannot be based solely on personal desires. The court also noted Bochner's lack of employment opportunities in Glendora and his absence from the city for most of 1971 as evidence that Glendora was not his tax home. The court did not address the substantiation issue as it was unnecessary given the tax home determination. For the theft loss, the court found Bochner did not prove the car's value exceeded the insurance payout.

Practical Implications

This decision impacts how taxpayers and their legal representatives should approach travel expense deductions under Section 162(a)(2). It emphasizes the need to demonstrate substantial ongoing living expenses at a location to establish it as a tax home. Practitioners must advise clients to maintain strong ties to a location beyond merely retaining a residence, such as having a business connection or family presence. The ruling affects how similar cases involving temporary employment and tax home determination are analyzed, requiring a factual analysis of the taxpayer's connections to the claimed tax home. For businesses, this case may influence how they structure temporary assignments and support employees in maintaining a tax home. Subsequent cases like Rev. Rul. 73-529 and Rev. Rul. 93-86 have further clarified the tax home concept, but Bochner remains a critical precedent in distinguishing between a tax home and a place one wishes to return to.

© 2025 SCOTUSreports.com. All rights reserved.