

69 T.C. 920 (1978)

For the purpose of deducting travel expenses while ‘away from home,’ a taxpayer’s ‘tax home’ is not necessarily their principal place of business, but can be their long-established residence if they maintain significant connections there, even when working at temporary job locations elsewhere.

Summary

Charles Rambo, an accountant, maintained a cabin in Montana from 1957. From 1962 onward, he worked for American Bridge on a series of temporary job assignments outside Montana, but consistently returned to his Montana cabin during vacations and whenever possible. He deducted meal and lodging expenses incurred at these temporary job sites, claiming Montana as his tax home. The Tax Court considered whether Rambo’s Montana cabin constituted his ‘home’ for tax purposes, allowing him to deduct expenses incurred while working temporarily away from Montana. The court held that despite his temporary work locations, Montana remained Rambo’s tax home due to his continuous ties to the cabin and the state, thus allowing the deductions.

Facts

Petitioner Charles Rambo purchased a cabin in Beehive, Montana in the early 1950s for recreational use with his family.

After his divorce in 1957, Rambo moved into the Montana cabin and used it as his principal residence, commuting to work.

In 1961, he began working for American Bridge in Montana, commuting from his cabin.

In 1962, American Bridge assigned him to a series of temporary job sites outside Montana, including locations in Florida, Puerto Rico, and Utah, for several years, including the tax years 1971 and 1972.

Throughout these temporary assignments, Rambo maintained the Montana cabin, returning there for vacations and whenever possible.

He maintained Montana voter registration, paid Montana state income taxes, and had a Montana bank account.

His family connections remained in Montana.

The IRS conceded that Rambo’s assignments were temporary.

Procedural History

Charles Rambo petitioned the Tax Court to contest the Commissioner of Internal Revenue's deficiency determination for the tax years 1971 and 1972.

The Commissioner disallowed deductions claimed by Rambo for meal and lodging expenses incurred while away from home, arguing Montana was not his tax home.

The Tax Court heard the case to determine whether Rambo's Montana cabin constituted his 'tax home' under Section 162(a)(2) of the Internal Revenue Code.

Issue(s)

1. Whether the petitioner's cabin in Beehive, Montana, constituted his 'home' for purposes of deducting travel expenses under Section 162(a)(2) of the Internal Revenue Code, despite his employment at temporary job sites outside of Montana during the tax years in question?

Holding

1. Yes, the Tax Court held that Rambo's cabin in Beehive, Montana, was his 'home' for tax purposes because he maintained continuous and substantial connections with Montana, demonstrating it as his regular place of abode in a real and substantial sense, despite his temporary work assignments elsewhere.

Court's Reasoning

The court acknowledged the purpose of Section 162(a)(2) is to alleviate the burden of duplicate living expenses for taxpayers required to travel for work. It cited *James v. United States*, stating the deduction addresses the increased costs of food and lodging when business travel necessitates duplicating living expenses.

The court distinguished between business expenses and personal living expenses inherent in travel, noting Congress allowed deduction of 'all' meal and lodging expenses for those 'away from home' to simplify administration, as per *James v. United States*.

The court rejected the Commissioner's argument that Rambo was an itinerant worker whose tax home moved with his job sites, citing cases like *James v. United States* and *Brandl v. Commissioner* that support the itinerant worker doctrine.

However, the court found that Rambo had demonstrated sufficient ties to Montana to establish it as his tax home. The court emphasized Rambo's continuous maintenance of the cabin since 1957, his return to Montana during breaks, his family connections there, Montana voting registration and tax payments, and intent to retire there.

The court noted, "From the time of his divorce in 1957 until he was transferred from Montana in 1962, petitioner lived in the Beehive cabin and commuted to work..."

From 1962 on he worked at a series of temporary jobs, always returning to Montana when possible.”