Barone v. Commissioner, 85 T. C. 462 (1985)

A taxpayer must have a 'tax home' to deduct travel expenses under IRC section 162(a)(2), which is determined by objective financial criteria rather than subjective intent.

Summary

Edward Barone, a truck driver, sought to deduct travel and other expenses from his 1981 taxes. The Tax Court ruled that Barone had no 'tax home' as he did not maintain a principal place of business or incur substantial continuing living expenses at any permanent residence, disallowing his travel expense deductions. However, the court allowed deductions for sheets and a mattress used in his truck and for a fine paid by his employer, while disallowing deductions for personal fines and tennis shoes.

Facts

Edward Barone, an owner-operator of a tractor-trailer, exclusively drove for Interstate Contract Carrier Corp. (ICCC) with a home terminal in Phoenix, Arizona. He spent 227 days on the road and 138 days at his parents' home in Mesa, Arizona, paying them $1 per day when on the road and $2 per day when at home. Barone claimed deductions for travel expenses, fines, a mattress and sheets for his truck, and tennis shoes worn while driving.

Procedural History

Barone filed his 1981 federal income tax return and the Commissioner of Internal Revenue determined a deficiency. Barone petitioned the U. S. Tax Court, which heard the case and issued its opinion on September 17, 1985.

Issue(s)

1. Whether Barone maintained a 'tax home' during 1981, entitling him to deduct travel expenses under IRC section 162?
2. Whether Barone may deduct fines he paid for violations charged while operating his truck?
3. Whether Barone may deduct an amount withheld from his paycheck to pay a fine resulting from a violation charged to ICCC?
4. Whether Barone is entitled to deduct the cost of a mattress and sheets he bought for his truck?
5. Whether Barone may deduct the cost of tennis shoes he wore while driving his truck?

Holding

1. No, because Barone did not have a principal place of business or incur substantial

© 2025 SCOTUSreports.com. All rights reserved.

continuing living expenses at a permanent residence.
2. No, because personal fines are nondeductible under IRC section 162(f).
3. Yes, because the withheld amount was not a fine or penalty paid by Barone to the government, but an involuntary payment to ICCC.
4. Yes, because the mattress and sheets were ordinary and necessary business expenses under IRC section 162.
5. No, because the tennis shoes were not specifically required for his employment and were adaptable to general use.

Court's Reasoning

The court determined that Barone did not have a 'tax home' because his principal place of business was not in Phoenix despite the home terminal being there, and the payments to his parents were not substantial enough to qualify as a permanent residence. The court applied IRC section 162(a)(2) and relevant case law to conclude that Barone could not deduct travel expenses. Personal fines were nondeductible under IRC section 162(f), but the amount withheld from Barone's pay for ICCC's fine was deductible as it did not fall under section 162(f). The court allowed deductions for the mattress and sheets as ordinary and necessary business expenses, but denied the deduction for tennis shoes as they were not required for his job and were adaptable to general use.

Practical Implications

This decision clarifies that for traveling employees, a 'tax home' must be established by objective financial criteria, not merely by subjective intent. Practitioners should advise clients in similar situations to maintain substantial living expenses at a permanent residence to claim travel deductions. The case also reinforces that personal fines are not deductible, but fines paid by an employer and involuntarily withheld from an employee's pay might be. This ruling is significant for truck drivers and other itinerant workers in determining their tax home and allowable deductions.

© 2025 SCOTUSreports.com. All rights reserved.