

A deduction for a military uniform must be reduced by any nontaxable allowance received for the uniform.

Lobbying Expenses

Expenses to influence legislation are not deductible. **Exceptions:**

- Expenses for attempting to influence the legislation of any local council or similar local government, including an Indian tribal government.
- Up to \$2,000 per year (not counting overhead expenses) for in-house expenses to influence legislation or communicating directly with a covered executive branch official.
- Expenses of a professional lobbyist in the trade or business of lobbying on behalf of another person.

Residential Telephone Line

The cost of local telephone service for the first telephone line into a taxpayer's residence is not deductible, even if it is used in a trade or business. Any added charges for business use are deductible, such as the cost of a second line, fax line, long distance, voice mail, internet service, etc.

Unclaimed Reimbursements

If a taxpayer is entitled to be reimbursed by his or her employer for job-related costs but does not put in a claim for reimbursement, the costs are not deductible.

Travel Expenses

Travel expenses are ordinary and necessary expenses incurred by a taxpayer while on temporary travel away from his or her tax home for business purposes. A taxpayer travels away

from his or her tax home if the taxpayer's business duties require an absence from home that is substantially longer than a day's work, and the taxpayer needs sleep or rest to meet the demands of the work while away from home. The tax home includes the entire city or general area in which the taxpayer's business is located.

Standard meal allowance. A taxpayer can substantiate meal and incidental expenses with a standard meal allowance (\$46 per day from October 1, 2013 through September 30, 2014). Additional amounts may apply for certain high-cost localities, based on IRS Publication 1542, *Per Diem Rates*.

Lodging. Although an employer can reimburse an employee tax free for qualified lodging at per diem rates, for an employee or self-employed individual, only actual expenses are allowed for lodging.

Contact Us

There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

- Pension or IRA distributions.
- Significant change in income or deductions.
- Job change.
- Marriage.
- Attainment of age 59½ or 70½.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of \$5,000.

This brochure contains general information for taxpayers and should not be relied upon as the only source of authority. Taxpayers should seek professional tax advice for more information.

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Itemized Deductions Job Expenses



Behling

Small Business Services

P.O. Box 51058
Idaho Falls, ID 83405-1058
(208) 557-3013
www.behlingbiz.com



Job Expenses

Ordinary and necessary job expenses which were not reimbursed are deductible. Ordinary and necessary expenses reimbursed by the employer and reported as income in box 1, Form W-2, are also deductible. An ordinary expense is one that is common and accepted in the taxpayer's line of work. A necessary expense is one that is helpful and appropriate for work. An expense does not have to be required to be considered necessary.

Tax Reporting

A taxpayer must report on his or her tax return if any of the following apply.

- The employee claims any job-related vehicle, travel, transportation, meal, or entertainment expenses.
- The employer reimbursed any reportable expenses.
- The employee claims any job related expenses as a reservist, a qualified performing artist, a fee-basis state or local government official, or an individual with a disability claiming impairment-related work expenses.

Standard Mileage Rate

The business standard mileage rate for 2014 is 56¢ per mile.

Examples of other job expenses deductible as unreimbursed employee expenses.

- Business bad debt.
- Business liability insurance premiums.
- Casualty and theft losses of property used in performing services as an employee.

- Depreciation on a computer or cell phone required by an employer.
- Dues to professional organizations and chambers of commerce if work related and entertainment is not one of the main purposes of the organization. Any part of dues that is for lobbying and political activities is nondeductible.
- Education expenses related to work.
- Job search fees to employment agencies and other costs to look for a new job in the taxpayer's present occupation, even if the taxpayer does not find a new job.
- Legal fees related to work.
- Licenses and regulatory fees.
- Lobbying expenses to influence local legislation, and other exceptions to the general rule.
- Malpractice insurance premiums.
- Occupational taxes.
- Office-in-home expenses as an employee.
- Phone charges for business use, but not the cost of basic service for the first phone line into a residence.
- Physical examinations required by employer.
- Protective clothing required for work, such as hard hats, safety shoes, and glasses.
- Safety equipment needed for work.
- Subscriptions to professional journals and trade magazines related to work.
- Tools and supplies used for work.
- Uniforms required by employer that are not suitable for ordinary wear.
- Union dues and expenses.

Job Search Expenses

Expenses incurred in looking for a new job in the taxpayer's present occupation are deductible, even if the taxpayer does not get a new job. Job search expenses are not deductible for:

- Looking for a job in a new occupation.
- A substantial break between the ending of the last job and looking for a new job.

- The taxpayer looking for a job for the first time.

Uniforms and Work Clothes

The cost and upkeep of uniforms and work clothes are deductible if:

- The taxpayer must wear them as a condition of employment, and
- The clothes are not suitable for everyday wear.
- It is not enough that the taxpayer wears unique or distinctive clothing on the job, or that the taxpayer does not in fact wear the work clothing away from work.

Example: *The union requires Gregg to wear a white cap, white shirt, white bib overalls, and standard tennis shoes as a painter. Because these clothes could also be suitable for everyday wear, they are not deductible. It is irrelevant that the items get ruined by paint after their first use on the job.*

Example: *Mark wears traditional Celtic costumes while performing accordion folk music at parties and weddings. Because the clothing is not suitable for everyday wear, the cost and upkeep are deductible.*

Military Uniforms

A deduction for a military uniform item must be reduced by any nontaxable allowance received.

<i>Never deductible</i>	Military uniforms worn by full-time active duty members of the armed forces.
<i>May be deductible</i>	Reservists' uniforms, if military regulations permit uniform to be worn only while reservist is on duty.
<i>Always deductible</i>	Extra cost of insignia, stripes, shoulder boards, and related items, whether or not the uniform is deductible.