

## Taxpayer Questionnaire

### Educational Travel Expenses – “Red Flag” Issues for a Business Deduction for Travel to Attain Work-Related Education

<p><b>1. At the time of the travel, was the taxpayer employed (or if the taxpayer was not employed, was this unemployment temporary)?</b></p> <p>If “No,” then the travel expenses may not be deductible. The IRS generally considers leaving employment for one year or less as temporary.</p>	<p style="text-align: right;">_____ <b>Yes</b></p> <p style="text-align: right;">_____ <b>No*</b></p>
<p><b>2. Did the taxpayer seek reimbursement from the taxpayer’s employer for the travel expenses?</b></p> <p>If “No,” then the travel expenses may not be deductible. The taxpayer should retain written evidence that he or she sought reimbursement for the travel expenses and reimbursement was denied.</p>	<p style="text-align: right;">_____ <b>Yes</b></p> <p style="text-align: right;">_____ <b>No*</b></p>
<p><b>3. A. Is the travel for education to meet the express requirements of the taxpayer’s employer, or the requirements of applicable law or regulations, imposed as a condition to the retention by the taxpayer of an established employment relationship, status or rate of compensation?</b></p> <p><b>3. B. Is the travel for education to maintain or improve skills required by the taxpayer in the taxpayer’s employment, trade or business (and, if so, is the education directly related to the taxpayer’s job)?</b></p> <p>If the answers are “No” to both Questions 3.A. and 3.B., then STOP HERE, because the travel expenses are not deductible. If the answer is “Yes” to EITHER Question 3.A. OR Question 3.B. (OR BOTH), then the travel expenses may be deductible if they meet the other requirements for deductibility.</p>	<p style="text-align: right;">_____ <b>Yes</b></p> <p style="text-align: right;">_____ <b>No*</b></p> <p style="text-align: right;">_____ <b>Yes</b></p> <p style="text-align: right;">_____ <b>No*</b></p>
<p><b>4. Does the education qualify the taxpayer to enter a new trade or business?</b></p> <p>If “Yes,” STOP HERE, because the travel expenses are not deductible.</p>	<p style="text-align: right;">_____ <b>Yes*</b></p> <p style="text-align: right;">_____ <b>No</b></p>
<p><b>5. Is the education required of the taxpayer to meet the minimum educational requirements (in effect when the taxpayer was hired) for qualification in his or her employment, trade or business?</b></p> <p>If “Yes,” STOP HERE, because the travel expenses are not deductible.</p>	<p style="text-align: right;">_____ <b>Yes*</b></p> <p style="text-align: right;">_____ <b>No</b></p>
<p><b>6. Is the travel primarily for personal activities?</b></p> <p>If “Yes,” the travel expenses are not deductible, except for the portion expended during the time spent on deductible educational activities.</p>	<p style="text-align: right;">_____ <b>Yes*</b></p> <p style="text-align: right;">_____ <b>No</b></p>
<p><b>7. Were the expenses incurred for travel as a form of education?</b></p> <p>If “Yes,” then the travel expenses are not deductible.</p>	<p style="text-align: right;">_____ <b>Yes*</b></p> <p style="text-align: right;">_____ <b>No</b></p>

<p><b>8. Is the travel outside of the United States or by ocean liner, cruise ship or other form of luxury water transportation?</b></p> <p>If "Yes," then special limitations on the travel expenses may apply.</p>	<p><input type="checkbox"/> <b>Yes*</b></p> <p><input type="checkbox"/> <b>No</b></p>
<p><b>9. Is the expense ordinary and necessary?</b></p> <p>If "No," the expense may not be deductible.</p>	<p><input type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> <b>No*</b></p>
<p><b>10. Does the travel require a stay for sleep or rest for one or more nights away from the taxpayer's tax home?</b></p> <p>If "Yes," transportation expenses plus other travel expenses such as meals (subject to the 50% limit) and lodging may be deductible, if other requirements for deductibility are met. If the travel is merely by commuting from work to school and back from school to home, then only the transportation expenses may be deductible, if they otherwise meet the requirements for deductibility.</p>	<p><input type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> <b>No*</b></p>
<p><b>11. If the travel is away from the taxpayer's tax home, is the period of this travel indefinite?</b></p> <p>First, determine the location of the taxpayer's tax home (generally the taxpayer's principal place of business). If the travel is indefinite and not temporary, the travel expenses may not be deductible, because the taxpayer's tax home may change to the place where the taxpayer is living during this period of travel. While the IRS views temporary travel as travel for one year or less, the courts determine whether travel is temporary by using a case-by-case approach.</p>	<p><input type="checkbox"/> <b>Yes*</b></p> <p><input type="checkbox"/> <b>No</b></p>
<p><b>12. Is the travel properly substantiated?</b></p> <p>If "No," then the deduction may not be allowed.</p>	<p><input type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> <b>No*</b></p>

*\*Answers marked with an asterisk may be red flags for further investigation. "No" answers to questions 1, 2, 9, 10 and 12 indicate that travel expenses for educational purposes as ordinary and necessary business expenses may not be deductible (or the deduction may be limited). "Yes" answers to questions 4-8 or 11 indicate that such expenses are not deductible or the deduction may be limited. In addition, if the answers to questions 3.A. and 3.B. are BOTH "No," the travel expenses are not deductible; however, if the answer to EITHER 3.A. or 3.B. is "Yes," then the travel expenses may be deductible if they meet all of the other requirements for deductibility.*