

## ¶L-4619. When is documentary evidence required—\$75 or more rule.

Except as noted below, documentary evidence ( ¶ L-4619.1 ) is required for: <sup>11</sup>

... expenditures for lodging while traveling away from home, regardless of amount, <sup>12</sup>  
and  
... **any other expenditure of \$75 or more (except for transportation charges for which documentary evidence is not readily available).** <sup>13</sup> For documentary evidence for air travel expenses, see ¶ L-4619.2 .

<sup>11</sup>. Reg § 1.274-5(c)(2)(iii)(A) .

<sup>12</sup>. Reg § 1.274-5(c)(2)(iii)(A)(1) .

<sup>13</sup>. **Reg § 1.274-5(c)(2)(iii)(A)(2)** .

For documentary evidence used to corroborate a taxpayer's own statement regarding the elements of expenditures or uses that must be substantiated, see ¶ L-4626 .

A document may establish only one (or part of one) element of an expenditure. For example, a cancelled check to a specific payee does not, by itself, prove the cost element of an expenditure. But the check, together with an itemized bill from the payee, would prove the cost. <sup>14</sup>

<sup>14</sup>. Reg § 1.274-5(c)(2)(iii)(B) .

**Reg § 1.274-5(c)(2)(iii)(A)(2) (footnote 13) relaxes the requirement to provide documentary evidence for expenses of less than \$75. However, the requirement for substantiation by an account book, diary, log, statement of expenses, trip sheet, or similar record ( ¶ L-4616) still exists.** <sup>14.1</sup>

<sup>14.1</sup>. **IRS Chief Counsel Advice 200242038.**

Where a taxpayer has no receipts or paid bills to support a travel and entertainment expense of \$75 or more, the entire amount of the expenditure will be disallowed, even though there was a timely diary entry which would have supported an expenditure of under \$75. The IRS requirement that receipts be retained as a condition to deduction of such expenses has been held valid by the courts. <sup>15</sup>

<sup>15</sup>. Sanford, William v. Com., (1969, CA2) 24 AFTR 2d 69-5021, 412 F2d 201, 69-2 USTC ¶9491, affg (1968) 50 TC 823, cert den (1969, S Ct) 396 US 841, 24 L Ed 2d 92 ; Alter, Robert, (1968) 50 TC 833 ; Wright, Floyd, (1980) TC Memo 1980-141, PH TCM ¶80141, 40 CCH TCM 258 ; McKinley, William, (1978) TC Memo 1978-428, PH TCM ¶78428, 37 CCH TCM 1769 .

IRS, in its discretion, may prescribe rules waiving the documentary evidence requirements discussed above in circumstances where it is impracticable for such documentary evidence to be required. <sup>16</sup>

<sup>16</sup>. Reg § 1.274-5(c)(2)(iii)(B) .