

CaliforniaCPA



Don't Fear the Auditor: Claim Incidental Travel Expenses

Two separate, but related U.S. Tax Court decisions directly affecting an estimated 3-6 million taxpayers were published mid-September. These rulings allow taxpayers to claim \$3,000 to \$10,000 for "miscellaneous travel expenses" without being required to provide any receipts to IRS auditors.

The court's 30-page Johnson decision and the 10-page Westling decision now both allow any deserving taxpayer (not just transportation-industry employees) who travels for business reasons, to claim possibly thousands of dollars in legitimate travel deductions, without having to keep any receipts for expenses under \$75 and without fear that the IRS will continue to automatically challenge these deductions.

The cases, Marin and Anita Johnson v. Comm and Jim Westling v. Comm, were brought before the U.S. Tax Court by Martin Kapp, a CalCPA member and former IRS auditor, who specializes in preparing tax returns for airline pilots, railroad workers, and merchant sailors.

For more information, go to <http://www.ustaxcourt.gov/InOpHistoric/johnson.TC.WPD.pdf> and <http://www.ustaxcourt.gov/InOpHistoric/westling.TCM.WPD.pdf> to download the rulings (you will need Acrobat Reader in order to view them). Additionally, IRS Notice 95-50 and IRS Revenue Procedure 2000-9 address the issue.