



## TRAVEL RELATED TAX INFORMATION

Jackson HealthPros (Company) may provide you certain assignment related expenses potentially including reimbursement of your healthcare license cost, a cents-per-mile mileage reimbursement subject to a cap or other transportation costs, meal and incidental per diem, and Company provided lodging or a lodging stipend. The tax treatment of the mileage, transportation, meals and incidental per diem and Company provided lodging or lodging stipend is dependent upon your status regarding the following three primary tax rules:

### 1. TAX HOME

- a. The attached Tax Home Status Determination Worksheet is provided to assist you in determining whether you have a tax-qualified tax home as generally defined by the IRS in Revenue Ruling 73-529. Because of the critical nature of this determination, including the state income tax treatment, we encourage you to consult with a tax advisor.
- b. The attached Tax Home Representation Form must be completed and returned to the Company as soon as possible and any time you have a change in your tax home status or location. You should retain the Worksheet for your tax files.

### 2. ONE-YEAR ASSIGNMENT LIMIT

- a. If your assignment (including extensions) is expected to last more than one year, tax law dictates that the location of your assignment will be your tax home regardless of your tax-qualified tax home status. Then, any transportation mileage and cost, meal and incidental per diem, and lodging costs or stipends paid to you or on your behalf must be treated as taxable compensation. These travel reimbursements and costs become taxable as soon as it becomes known the assignment will last longer than one year. That is, once an assignment has been extended to the point where it will lapse over the one-year anniversary date, the travel expenses will become immediately taxable with the execution of that assignment extension agreement, not just on the 366<sup>th</sup> day of the extended contract.

### 3. COMMUTING

- a. If you are working an assignment within typical commuting distance from your tax-qualified tax home, then any transportation mileage and costs, meal and incidental per diem, and lodging costs or stipends paid to you or on your behalf must be treated as taxable compensation.

Commuting is generally referred to as within the worker's metropolitan area or broader rural geographic area. It is generally the common-practice, reasonable daily commute for the area. An undocumented, one-way commuting rule of thumb might be as long as 50 miles or 2 hours in an urban or suburban area and 100 miles or 1.5 hours for a rural area.

The information contained herein is general in nature and based on authorities that are subject to change. Tax information contained in this document is not intended to be used, and cannot be used, by any person as a basis for avoiding tax penalties that may be imposed by the IRS or any state. We recommend each taxpayer seek advice based on their circumstances from an independent tax advisor.

## Tax Home Status Determination Worksheet

(To be maintained with your personal tax records)

This worksheet is provided to assist you in determining whether you have a tax-qualified tax home as defined by the IRS in Revenue Ruling 73-529, and therefore determine the tax status of the travel costs and/or allowances provided you or paid on your behalf while on assignment. Because of the critical nature of this determination, we encourage you to consult with a tax advisor. This worksheet is for your personal use and should not be returned to the Company.

Please check  appropriate boxes below:

YES <input type="checkbox"/> <input type="checkbox"/> NO	1. Do you perform a portion of your business or work in the vicinity of your tax-qualified tax home and is such work performed for at least 30 consecutive days during every two-year period? Many travelers will not meet this requirement, as they do not have regular work or business in the tax home area.
YES <input type="checkbox"/> <input type="checkbox"/> NO	2. Are you duplicating living expenses (mortgage, rent, utilities, etc.) to maintain the tax-qualified tax home while away from home on assignment? Limited IRS guidance provided, but as a minimum the duplicate expenses to maintain the tax home should equal or exceed \$250 per month.
YES <input type="checkbox"/> <input type="checkbox"/> NO	3. Do you meet one or more of the following criteria regarding your tax-qualified tax home? a. Have a member of your family (spouse, child, or parent) residing with you in the tax-qualified tax home? YES <input type="checkbox"/> <input type="checkbox"/> NO b. Use the tax - qualified tax home frequently for lodging? Limited IRS guidance provided, but the return home trips should be more than a few times a year and one or more of the trips should be much longer than a long weekend. YES <input type="checkbox"/> <input type="checkbox"/> NO c. The tax - qualified tax home represents a historical place of lodging? This means the tax home vicinity is where you grew up, went to college, or have recent and long-term ties to the community. YES <input type="checkbox"/> <input type="checkbox"/> NO

IF you responded YES to all three questions above, then you have a tax-qualified tax home and should check Box A on the Tax Home Representation Form.

IF you responded NO to two or more of the three questions above, then you do not have a tax-qualified tax home and must check Box B on the Tax Home Representation Form.

IF you responded YES to two of the three questions, then you must consider the following potential “facts and circumstances” attributes to determine whether you have a tax-qualified tax home. All questions do not necessarily require a YES answer to secure a favorable result, but certainly the majority should have a YES response, and the first four questions are of particular importance.

YES <input type="checkbox"/> <input type="checkbox"/> NO	Is the tax home address your address of record and from which you file your income tax returns?
YES <input type="checkbox"/> <input type="checkbox"/> NO	Do you have telephone service at the tax home or is it your primary mailing address?
YES <input type="checkbox"/> <input type="checkbox"/> NO	Are your license plates and driver’s license registered with your tax home city?
YES <input type="checkbox"/> <input type="checkbox"/> NO	Is the tax home address the address of record for your professional license(s)?
YES <input type="checkbox"/> <input type="checkbox"/> NO	Is your banking relationship with a bank in your tax home vicinity?
YES <input type="checkbox"/> <input type="checkbox"/> NO	Are you registered to vote (and actually vote) at your tax home precinct?
YES <input type="checkbox"/> <input type="checkbox"/> NO	Do you have church, club, or other associations in your tax home vicinity?

## **Traveler Frequently Asked Questions and Resources**

*Jackson HealthPros ("The Company") nor any of its representatives can provide tax advice and we strongly encourage you to consult with a certified tax advisor with any questions. This FAQ is provided for informational purposes only.*

### **1) What is a Permanent Residence?**

A permanent residence is a legal concept. Ties that bind you to an area all contribute to the location of your permanent legal home. These include driver's license, car registration, memberships, where you get your mail, the home state of your professional practice license etc. This does not rise to the level of a tax residence and initially has NO impact on it.

### **2) What is a Tax Home?**

A tax home is defined by the IRS as one's principal place of business, which is a loaded term that basically means the area where one makes most of their income. It is not controlled by where you live.

This is why it is better called an economic home. Most people work where they live. Hence, their permanent and tax residences are the same place which explains the synonymous use of the terms. However, many people do not work where they live. Some have more than one permanent job, seasonal jobs or commute a significant distance to a main job. The definition of a tax home for these individuals is no different. The tax home is still the location where the majority of the individual's income is earned, in relation to earnings from other places of work.

Traveling healthcare professionals occupy a different sphere. Because their work is mostly temporary in nature, they do not have a primary place of business or income. Since they are in constant motion, never staying in one place more than a year, the tax code has recognized that it would be unreasonable to expect these individuals to actually move their residence to a different location with each assignment. Travelers with tax homes are never moving. They are mobilizing. The difference is those terms are important as moving involves a change of residence, while mobilizing is more of an accurate description of someone who is temporarily away from home.

### **3) If I have a permanent residence, does it qualify as a tax home?**

Not necessarily. In order to determine if your permanent residence is also qualified as your tax home, you must meet the criteria as outlined by the IRS. In IRS publication 463, the following criteria is outlined as used to determine whether you are maintaining permanent tax home:

- 1) Whether the taxpayer performs a portion of the taxpayer's business in the vicinity of the taxpayer's main home and uses that main home for lodging while doing business in the area.
- 2) Whether the taxpayers' living expenses (*i.e. mortgage, rent, utilities, etc.*) incurred at the taxpayer's main home are duplicated because the taxpayer's business requires the taxpayer to be away from that home; *and*
- 3) Whether generally, the taxpayer has not abandoned the vicinity in which the taxpayer's historical place of lodging and claimed home are located and meets at least one of the following criteria:
  - a. The taxpayer has a member or members of the taxpayer's family (*marital or lineal only*) currently residing at the claimed abode; *or*

- b. The taxpayer frequently utilizes the claimed abode for the taxpayer's own lodging.

If you satisfy all three factors above, it is likely your permanent residence qualifies as your tax home. If you satisfy only two factors, your permanent residence may qualify as your tax home but it will depend on all facts and circumstances. Other facts and circumstances to be considered are items such as what address you use when filing your personal tax returns, what address you use when registering your automobile or obtaining a driver's license, what address you use when obtaining a professional license and whether you are registered to vote in vicinity of your permanent address, among other things. These factors are explained in Revenue Ruling 73-529 and IRS Publication 463, which are posted on our website, and which you must review, and confirm your review in submitting your Tax Home Declaration.)

4) **What is an "Itinerant" worker?**

The IRS defines an itinerant worker as someone who does not have a true tax home and therefore the tax home is where the individual works. An itinerant worker cannot receive non-taxable stipends or per diems.

5) **If I have established that I have a tax home, how long can I work away from my tax home at a location and still be eligible for tax-free benefits / tax deductions in accordance with IRS regulations?**

If your assignment or job away from your main place of work is temporary, your tax home doesn't change and you are considered to be away from home for the whole period you are away from your main place of work. You can deduct your travel expenses if they otherwise qualify for deduction. Generally, a temporary assignment in a single location is one that is realistically expected to last (and does in fact last) for 1 year or less. (If, by contrast, if the expectations for work in a single location, or the actual work in that location, exceeds one year, then the travel expenses are not deductible (and thus are not excludable if they are reimbursed by the employer).

If your assignment or job is indefinite, the location of the assignment or job becomes your new tax home and you can't deduct your travel expenses while there. An assignment or job in a single location is considered indefinite if it is realistically expected to last for more than 1 year, whether or not it actually lasts for more than 1 year.

You must determine whether your assignment is temporary or indefinite when you start work. If you expect an assignment or job to last for 1 year or less, it is temporary unless there are facts and circumstances that indicate otherwise. An assignment or job that is initially temporary may become indefinite due to changed circumstances. A series of assignments to the same location, all for short periods but that together cover a long period, may be considered an indefinite assignment. For a taxpayer who is employed at more than a single location for more than 1 year, the general rule in Rev. Rul. 93-86 provides that the taxpayer's "home" is the taxpayer's principal place of business, therefore staying on one assignment in one geographic location longer than 1 year imposes the risk of establishing a new tax home and by default causing a change in treatment to payments received from the taxpayer's employer.

6) **I've heard from others that I can take a "break" between assignments and return to work at the same location and still receive tax-free lodging and meal allowances – is that true?**

Questions have arisen about whether a break in service at a particular location will "restart the clock" in determining whether employment at the location following the break is temporary, or whether the two periods of employment in the same location are aggregated in applying the 1-year limitation. Because of the highly individual

nature of the factual inquiry involved, the IRS has not issued general guidance in this area. It is clear, however, from informal IRS guidance, that a short break of mere weeks or even 30 days is inconsequential in this regard, but that a break of more than 7 months will “restart” the clock. However, since the IRS refuses to provide any specific guidance on breaks in service between 30 days and 7 months, the most common industry practice is to require a break in service in one location for at least 30 days.

7) **What are the expectations for traveling away from my tax home in order to be considered a “traveler?”**

Contrary to popular belief, the IRS does not provide a black and white distance rule for being considered “away from home.” Rather, the IRS considers a person to be traveling away from home if each of the following conditions are met:

1. The person’s duties require you being away from the general area of the person’s tax home (defined later) substantially longer than an ordinary day’s work, *and*
2. The person needs sleep or rest to meet the demands of work while away from home.

This rest requirement isn’t satisfied by merely napping in a car (which is not considered adequate sleep or rest). Thus, you don’t have to be away from your tax home for a whole day or from dusk to dawn if your relief from duty is long enough to get necessary sleep or rest.

8) **What happens if I travel back to my tax home on days off during my work assignment?**

The Company understands that employees may need to return to their tax homes even during the period of assignment to work in a travel location. If this happens, you should inform the Company promptly that you are not going to be staying in the work location. You cannot be paid per diems for any days where you are not actually staying in your assigned work location, but the Company will reimburse the reasonable travel expenses of traveling between lodging at the work location and the tax home.

*This FAQ is provided for your benefit and personal use and should be interpreted as tax advice and cannot be used by any person for the purpose of avoiding tax liabilities imposed under federal, state, or local laws. We encourage you to consult with a certified tax advisor regarding your tax home status and the taxability of travel and housing benefits before accepting any assignment Jackson HealthPros..*

References:

IRS Publication 463, [IRS.Gov - Pub 463](#)

Rev. Ruling 73-529 - [Rev Ruling 73-529](#)

IRS CCA 200020055 - [IRS 200020055](#)

Marple v Commissioner – May 2007 - [Marple v Commissioner](#)

Travel Tax University – Joseph Smith - [TravelTax.com](#)



**Tax Home Representation Form  
(To be completed and returned to Jackson HealthPros)**

I have completed the Tax Home Status Determination Worksheet, read the background IRS explanatory materials, and consulted with my tax advisor, as I believe appropriate, and now make the following good faith determination (*please check  the most appropriate box below*):

- A.  I maintain a qualified tax home and the address of that tax home is **(mandatory, no P.O. Boxes)**:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The address listed above shall be the address maintained in your permanent employment record. (It is possible for you to arrange to receiving mailings at another address, but provision of that temporary address does not affect the declaration here.) It is your responsibility to notify the Company in writing if your tax home changes, or if you no longer qualify for the Tax Home exemption.

- B.  I do not maintain a qualified tax home. As such, I understand the IRS considers my tax home the temporary lodging for the temporary assignment.

I understand the following:

- Without a qualified tax home, all lodging costs or allowances, mileage reimbursements and other transportation costs, and meal & incidental per diem allowances paid me or provided on my behalf will be treated as taxable compensation reported on Form W-2 subject to applicable payroll taxes.
- As generally required by state tax law (except for certain states with reciprocity), state income taxes will be withheld from my taxable compensation based upon the state of my assignment. In some cases, partial withholding will also be required for my tax home state and for a few states, both state taxes must be fully withheld.

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date