

Traveler Frequently Asked Questions and Resources

_____ (“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 Therapy Partners.

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](#)