



Military Employee Business Expenses

Form **1040** Department of the Treasury—Internal Revenue Service (99) **2016** OMB No. 1545-0047
U.S. Individual Income Tax Return

For the year Jan. 1–Dec. 31, 2016, or other tax year beginning _____, 2016, ending _____
 Your first name and initial _____ Last name _____

If a joint return, check this box **Joint Return**

Home address (street, apt. no., or P.O. box, city, state, and ZIP+4®) _____
 Department of the Treasury Internal Revenue Service (99) **SCHEDULE A (Form 1040) Itemized Deductions**
 Name(s) shown on Form 1040 _____ **Information about Schedule A and its separate instructions. Attach to Form 1040.**

Foreign address (street, apt. no., or P.O. box, city, state, and ZIP+4®) _____
 Department of the Treasury Internal Revenue Service (99) **Form 2106 Employee Business Expenses**
 Your name _____ **Information about Form 2106 and its separate instructions. Attach to Form 1040.**

Filing status: Single Married filing jointly Married filing separately Head of household Qualifying widow(er) **Caution: Do not include expenses reimbursed or paid by an employer or the government.**

Check this box **Medicare and dental expenses**

Enter the amount of the expense _____ **Part I Employee Business Expenses and Reimbursements**

If more than one expense, check this box **Step 1 Enter Your Expenses**

Income tax withheld _____ **DRAFT**



About Military Employee Business Expenses

- Additional resources listed in L< “References” tab
- Review all tips and cautions in the lesson
- Read all examples and sample interviews
- We will review answers to each exercise



Objectives – Military Employee Business Expenses

- Determine if the taxpayer has military business expenses that can be deducted
- Identify which form to use to report military business expenses
- Time Required: 30 minutes

Topics



- Military Employee Business Expenses
- Qualified Uniform Expenses
- Professional Dues
- Educational Expenses
- Deductible Travel Expenses
- Form 2106



Key Terms

Definitions are always available in the L< online Glossary.

- Adjusted Gross Income (AGI)
- Itemized Deductions
- PCS
- Standard Deduction
- TAD
- TDY

Military Employee Business Expenses

What are some examples?

- Buying and maintaining uniforms
- Dues to professional societies
- Qualified educational expense
- Travel to/from educational programs
- Certain business travel



Qualified Uniform Expenses

- Qualified uniform expenses are the cost and upkeep of uniforms and clothing that are:
 - Specifically required as a condition of employment, and
 - Not adaptable to general use as regular clothing
- When military regulations prohibit off-duty wear of certain uniforms, service members can deduct the cost and upkeep of those uniforms
- Any nontaxable uniform allowance or reimbursement must be subtracted from the deductible expenses





Professional Dues

- Service members can deduct dues paid to professional societies that are directly related to their trade or business
- Dues paid to clubs, hobby groups, and other professional groups not related to the taxpayer's profession are not deductible

Educational Expenses

- Service members can deduct educational expenses if the education:
 - Is required by employer or by law for the current job
 - Maintains or improves skills required for present work
- Non-deductible expenses include education that is:
 - Needed to meet the minimum qualifications for the service member's trade or business
 - Part of a program of study that will qualify the taxpayer for a new trade or business
- Service members with qualified deductible educational expenses may deduct the cost of travel related to the education if they are regularly employed and are attending school on a temporary basis (less than a year)



Deductible Travel Expenses

- For work-related travel expenses incurred while service members are traveling away from home, the expenses are deductible if:
 - There is a work-related purpose for the travel
 - Costs are deemed “ordinary and necessary”
 - Expenses are greater than total of allowances and reimbursements
- Expenses for personal travel, leave, or liberty cannot be deducted
- Reservists’ expenses for temporary active duty may be deductible
- The cost of meals and business-related entertainment incurred during business travel away from a permanent duty station may be deductible
- Certain local transportation and vehicle expenses are deductible
- Service members on temporary work assignments may deduct some travel expenses

Form 2106



- Service members use [Form 2106](#) , Employee Business Expenses, to calculate itemized deductions when job-related expenses are greater than reimbursements
- For non-reimbursed, job-related expenses for uniforms, professional dues, or education, service members enter miscellaneous deductions subject to 2% of AGI on Schedule A, line 21

Form 2106 Department of the Treasury Internal Revenue Service (99)	Employee Business Expenses ▶ Attach to Form 1040 or Form 1040NR. ▶ Information about Form 2106 and its separate instructions is available at www.irs.gov/form2106 .	OMB No. 1545-0074 2016 Attachment Sequence No. 129
Your name	Occupation in which you incurred expenses	Social security number
Part I Employee Business Expenses and Reimbursements		
Step 1 Enter Your Expenses	Column A Other Than Meals and Entertainment	Column B Meals and Entertainment



Out of Scope for this Lesson:

- Taxpayers who choose to use actual expenses instead of the standard mileage rate (vehicle-related deductions)

Summary

- Travel expenses must be ordinary and necessary expenses of temporarily traveling away from home for a person's job and must be greater than the total of all advances, allowances, and reimbursements received for such expenses
- Form 2106 and Schedule A are used to figure and claim the itemized deduction for employee business expenses that exceed reimbursement
- Reservists who travel more than 100 miles away from home and stay overnight to attend job-related functions or meetings can deduct travel expenses as an adjustment to income
- All other deductible miscellaneous itemized deductions discussed in this lesson are deducted on Schedule A, subject to the 2% AGI limit

Practice

- Select the practice exercise on deducting military employee business expenses
- Complete the exercise



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