

Unreimbursed Employee Business Expenses

Department of the Treasury
Internal Revenue Service (99)

▶ **Attach to Form 1040.**

Your name	Occupation in which you incurred expenses	Social security number : : :
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You May Use This Form Only if All of the Following Apply.

- You are an employee deducting ordinary and necessary expenses attributable to your job. An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary.
- You **do not** get reimbursed by your employer for any expenses (amounts your employer included in box 1 of your Form W-2 are not considered reimbursements).
- If you are claiming vehicle expense, you are using the standard mileage rate for 2002.

Caution: You can use the standard mileage rate for 2002 **only if:** (a) you owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service **or** (b) you leased the vehicle and used the standard mileage rate for the portion of the lease period after 1997.

Part I Figure Your Expenses

1 Vehicle expense using the standard mileage rate. Complete Part II and multiply line 8a by 36½¢ (.365)	1	
2 Parking fees, tolls, and transportation, including train, bus, etc., that did not involve overnight travel or commuting to and from work	2	
3 Travel expense while away from home overnight, including lodging, airplane, car rental, etc. Do not include meals and entertainment	3	
4 Business expenses not included on lines 1 through 3. Do not include meals and entertainment	4	
5 Meals and entertainment expenses: \$ _____ x 50% (.50) (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses by 65% (.65) instead of 50%. For details, see instructions.)	5	
6 Total expenses. Add lines 1 through 5. Enter here and on line 20 of Schedule A (Form 1040). (Fee-basis state or local government officials, qualified performing artists, and individuals with disabilities: See the instructions for special rules on where to enter this amount.)	6	

Part II Information on Your Vehicle. Complete this part **only** if you are claiming vehicle expense on line 1.

7 When did you place your vehicle in service for business use? (month, day, year) ▶ _____ / _____ / _____

8 Of the total number of miles you drove your vehicle during 2002, enter the number of miles you used your vehicle for:

a Business _____ b Commuting _____ c Other _____

9 Do you (or your spouse) have another vehicle available for personal use? Yes No

10 Was your vehicle available for personal use during off-duty hours? Yes No

11a Do you have evidence to support your deduction? Yes No

b If "Yes," is the evidence written? Yes No

General Instructions

Section references are to the Internal Revenue Code.

Changes To Note

Standard mileage rate. The standard mileage rate has been increased to 36½ cents for each mile of business use in 2002.

Meal expenses. The percentage of meal expenses that may be deducted by employees subject to Department of Transportation (DOT) hours of service limits has been increased to 65% for 2002.

Purpose of Form

You may use Form 2106-EZ instead of Form 2106 to claim your unreimbursed employee business expenses if you meet all the requirements listed above Part I.

Recordkeeping

You cannot deduct expenses for travel (including meals, unless you used the standard meal allowance), entertainment,

gifts, or use of a car or other listed property, unless you keep records to prove the time, place, business purpose, business relationship (for entertainment and gifts), and amounts of these expenses. Generally, you must also have receipts for all lodging expenses (regardless of the amount) and any other expense of \$75 or more.

Additional Information

For more details about employee business expenses, see:

- Pub. 463,** Travel, Entertainment, Gift, and Car Expenses
- Pub. 529,** Miscellaneous Deductions
- Pub. 587,** Business Use of Your Home (Including Use by Day-Care Providers)
- Pub. 946,** How To Depreciate Property

Specific Instructions

Part I—Figure Your Expenses

Line 2. See the line 8b instructions for the definition of commuting.

Line 3. Enter lodging and transportation expenses connected with overnight travel away from your tax home (defined below). You cannot deduct expenses for travel away from your tax home for any period of temporary employment of more than 1 year. **Do not** include expenses for meals and entertainment. For more details, including limits, see Pub. 463.

Generally, your **tax home** is your main place of business or post of duty regardless of where you maintain your family home. If you do not have a regular or main place of business because of the nature of your work, then your tax home is the place where you regularly live. If you do not fit in either of these categories, you are considered an itinerant and your tax home is wherever you work. As an itinerant, you are never away from home and cannot claim a travel expense deduction. For more details on your tax home, see Pub. 463.

Line 4. Enter other job-related expenses not listed on any other line of this form. Include expenses for business gifts, education (tuition and books), home office, trade publications,

etc. For details, including limits, see Pub. 463 and Pub. 529. **Do not** include on line 4 any tuition and fees you deducted on Form 1040, line 26, or any educator expenses you deducted on Form 1040, line 23. If you are deducting home office expenses, see Pub. 587 for special instructions on how to report these expenses. If you are deducting depreciation or claiming a section 179 deduction on a cellular telephone or other similar telecommunications equipment, a home computer, etc., see **Form 4562**, Depreciation and Amortization, to figure the depreciation and section 179 deduction to enter on line 4.



You may be able to take a credit for your educational expenses instead of a deduction. See **Form 8863**, Education Credits (Hope and Lifetime Learning Credits) for details.

Do not include expenses for meals and entertainment, taxes, or interest on line 4. Deductible taxes are entered on lines 5 through 9 of Schedule A (Form 1040). Employees **cannot** deduct car loan interest.

Note: If line 4 is your only entry, do not complete Form 2106-EZ unless you are claiming:

- Expenses for performing your job as a fee-basis state or local government official,
- Performing-arts-related business expenses as a qualified performing artist, or
- Impairment-related work expenses as an individual with a disability.

See the line 6 instructions for definitions. If you are not required to file Form 2106-EZ, enter your expenses directly on Schedule A (Form 1040), line 20.

Line 5. Generally, you may deduct only 50% of your business meal and entertainment expenses, including meals incurred while away from home on business. If you were an employee subject to the Department of Transportation (DOT) hours of service limits, that percentage is increased to 65% for business meals consumed during, or incident to, any period of duty for which those limits are in effect.

Employees subject to the DOT hours of service limits include certain air transportation employees, such as pilots, crew, dispatchers, mechanics, and control tower operators; interstate truck operators and interstate bus drivers; certain railroad employees, such as engineers, conductors, train crews, dispatchers, and control operations personnel; and certain merchant mariners.

Instead of actual cost, you may be able to claim the **standard meal allowance** for your daily meals and incidental expenses while away from your tax home overnight. Under this method, you deduct a specified amount, depending on where you travel, instead of keeping records of your actual meal expenses. However, you must still keep records to prove the time, place, and business purpose of your travel.

The standard meal allowance is the Federal M&IE rate. For travel in 2002, this rate is \$30 a day for most small localities in the United States. Most major cities and many other localities in the United States are designated as high-cost areas and qualify for higher rates. You can find these rates on the Internet at www.policyworks.gov/perdiem. Click on "2002 Domestic Per Diem Rates" for the

period January 1, 2002 – September 30, 2002 and on "2003 Domestic Per Diem Rates" for the period October 1, 2002 – December 31, 2002. For locations outside the continental United States, the applicable rates are published monthly. You can find these rates on the Internet at www.state.gov/m/a/als/prdm/2002.

See Pub. 463 for details on how to figure your deduction using the standard meal allowance, including special rules for partial days of travel, transportation workers, and taxpayers related to their employer.

Line 6. If you were a **fee-basis state or local government official** (defined below), include the expenses you incurred for services performed in that job in the total on Form 1040, line 34. Write "FBO" and the amount in the space to the left of line 34. Your employee business expenses are deductible whether or not you itemize deductions. A fee-basis state or local government official is an official who is an employee of a state or political subdivision of a state and is compensated, in whole or in part, on a fee basis.

If you were a **qualified performing artist** (defined below), include your performing-arts-related expenses in the total on Form 1040, line 34. Write "QPA" and the amount in the space to the left of line 34. Your performing-arts-related business expenses are deductible whether or not you itemize deductions. The expenses are not subject to the 2% limit that applies to most other employee business expenses.

A qualified performing artist is an individual who:

1. Performed services in the performing arts as an employee for at least two employers during the tax year,
2. Received from at least two of those employers wages of \$200 or more per employer,
3. Had allowable business expenses attributable to the performing arts of more than 10% of gross income from the performing arts, and
4. Had adjusted gross income of \$16,000 or less before deducting expenses as a performing artist.

To be treated as a qualified performing artist, a married individual must also file a joint return, unless the individual and his or her spouse lived apart for all of 2002. On a joint return, requirements 1, 2, and 3 must be figured separately for each spouse. However, requirement 4 applies to the combined adjusted gross income of both spouses.

If you were an **individual with a disability** and are claiming impairment-related work expenses (defined below), enter the part of the line 6 amount attributable to those expenses on Schedule A (Form 1040), line 27, instead of on Schedule A (Form 1040), line 20. Your impairment-related work expenses are not subject to the 2% limit that applies to most other employee business expenses. Impairment-related work expenses are the allowable expenses of an individual with physical or mental disabilities for attendant care at his or her place of employment. They also include other expenses in connection with the place of employment that enable the employee to work. See Pub. 463 for details.

Part II—Information on Your Vehicle

If you claim vehicle expense, you must provide certain information on the use of your vehicle by completing Part II. Include an attachment listing the information requested in Part II for any additional vehicles you used for business during the year.

Line 7. Date placed in service is generally the date you first start using your vehicle. However, if you first start using your vehicle for personal use and later convert it to business use, the vehicle is treated as placed in service on the date you started using it for business.

Line 8a. Do not include commuting miles on this line; commuting miles are not considered business miles. See below for the definition of commuting.

Line 8b. If you do not know the total actual miles you used your vehicle for commuting during the year, figure the amount to enter on line 8b by multiplying the number of days during the year that you used your vehicle for commuting by the average daily roundtrip commuting distance in miles.

Generally, **commuting** is travel between your home and a work location. However, travel that meets **any** of the following conditions is not commuting.

1. You have at least one regular work location away from your home and the travel is to a temporary work location in the same trade or business, regardless of the distance. Generally, a temporary work location is one where your employment is expected to last 1 year or less. See Pub. 463 for details.
2. The travel is to a temporary work location outside the metropolitan area where you live and normally work.
3. Your home is your principal place of business under section 280A(c)(1)(A) (for purposes of deducting expenses for business use of your home) and the travel is to another work location in the same trade or business, regardless of whether that location is regular or temporary and regardless of distance.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 40 min.; **Learning about the law or the form**, 12 min.; **Preparing the form**, 24 min.; **Copying, assembling, and sending the form to the IRS**, 20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the Instructions for Form 1040.

