

Unreimbursed Employee Business Expenses

Department of the Treasury
Internal Revenue Service (99)

▶ **Attach to Form 1040.**

Your name	Social security number	Occupation in which you incurred expenses
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Part I General Information

You May Use This Form ONLY if All of the Following Apply:

- You are an employee deducting expenses attributable to your job.
- 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,
 - a You are using the standard mileage rate for 1998, **and**
 - b If you owned the vehicle, you also used the standard mileage rate for the year you first placed your vehicle in service.

Part II Figure Your Expenses

1 Vehicle expense using the standard mileage rate. Complete Part III and multiply line 8a by 32½¢ (.325)	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 55% (.55) instead of 50%. For more 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 III 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 purposes? (month, day, year) ▶ / /
- 8 Of the total number of miles you drove your vehicle during 1998, 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 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

- The standard mileage rate has been increased to 32½ cents for each mile of business use in 1998.
- Beginning in 1998, you may use the standard mileage rate instead of actual expenses for leased vehicles, but you must use the rate for the entire lease period (except for the period, if any, that began before January 1, 1998).

• For tax years beginning in 1998, employees subject to Department of Transportation (DOT) hours of service limits are allowed to deduct 55% of their allowable business meal expenses. For more details, see the line 5 instructions.

Purpose of Form

You may use Form 2106-EZ instead of Form 2106 if you meet all the requirements listed in Part I of this form.

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

If you need more information about employee business expenses, you will find the following publications helpful:

- 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 II—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 not 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. 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.

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. Enter your allowable meals and entertainment expense and multiply the total by 50%. Include meals while away from your tax home overnight and other business meals and entertainment.

If you were an employee subject to Department of Transportation (DOT) hours of service limits, multiply the amount of your allowable business meals by 55%. To be eligible for the 55% deduction, the meals must have been consumed during, or incident to, a period of duty subject to these limits. 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. See Pub. 463 to figure your deduction using the standard meal allowance.

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 32. Write "FBO" and the amount in the space to the left of line 32. 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 32. Write "QPA" and the amount in the space to the left of line 32. 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 1998. 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 more details.

Part III—Information on Your Vehicle

If you claim vehicle expense, you must provide certain information on the use of your vehicle by completing Part III. Include an attachment listing the information requested in Part III 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 the line 8b instructions 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 round trip commuting distance in miles.

Generally, **commuting** is travel between your home and a work location. However, such travel is not commuting if you meet **any** of the following conditions:

1. You have at least one regular work location away from your home and you travel to a temporary work location in the same trade or business, regardless of the distance. A temporary work location is one where you perform services on an irregular or short-term basis (generally a matter of days or weeks).
2. You travel 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 you travel 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	5 min.
Preparing the form	28 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.

