

## **Issue Number: Tax Tip 2012-54**

### **IRS Tax Tip 2012-54 -- Employee Business Expenses**

Some employees may be able to deduct certain work-related expenses. The following facts from the IRS can help you determine which expenses are deductible as an employee business expense. You must be itemizing deductions on IRS Schedule A to qualify.

Expenses that qualify for an itemized deduction generally include:

- Business travel away from home
- Business use of your car
- Business meals and entertainment
- Travel
- Use of your home
- Education
- Supplies
- Tools
- Miscellaneous expenses

You must keep records to prove the business expenses you deduct. For general information on recordkeeping, see IRS Publication 552, Recordkeeping for Individuals available on the IRS website at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORM (800-829-3676).

If your employer reimburses you under an accountable plan, you should not include the payments in your gross income, and you may not deduct any of the reimbursed amounts.

An accountable plan must meet three requirements:

1. You must have paid or incurred expenses that are deductible while performing services as an employee.
2. You must adequately account to your employer for these expenses within a reasonable time period.
3. You must return any excess reimbursement or allowance within a reasonable time period.

If the plan under which you are reimbursed by your employer is non-accountable, the payments you receive should be included in the wages shown on your Form W-2. You must report the income and itemize your deductions to deduct these expenses.

Generally, you report unreimbursed expenses on IRS Form 2106 or IRS Form 2106-EZ and attach it to Form 1040. Deductible expenses are then reported on IRS Schedule A, as a miscellaneous itemized deduction subject to a rule that limits your employee business expenses deduction to the amount that exceeds 2 percent of your adjusted gross income.

For more information see [IRS Publication 529](#), Miscellaneous Deductions, which is available on the IRS website at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORM (800-829-3676).