

Can “Commuting Miles” ever be converted into Tax-Deductible Business mileage?

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This one is not spelled out as clearly as some other deductions, but it can be pieced it together...

IRS Revenue Ruling 90-23 states:

“Daily transportation costs for going between the taxpayer's **RESIDENCE** and one or more regular **places of business** or employment are **NON-deductible Personal Commuting expenses.**”

[IRC §262; Revenue Ruling 90-23, and IRS Bulletin 1990-11]

However, Revenue Ruling 55-109 states:

“Daily transportation costs for going **between two specific BUSINESS locations** (whether in the same business or different businesses) **ARE deductible business expenses.**” This is often referred to as the “Two Business Location Rule.”

[Revenue Ruling 55-109, 1955-1 C.B. 261]

Question:

What if your “residence” is also a “specific business location?”

ANSWER according to Revenue Ruling 99-7:

“If a taxpayer's **residence** is the taxpayer's **principal place of business** within the meaning of [Tax Code Section 280A\(c\)\(1\)\(A\)](#), the taxpayer **may** deduct daily transportation expenses incurred in going between the residence and another work location in the same trade or business.”

Note the use of the word “another” in the last line of that quote, which clearly implies that the “residence” is considered to be a “work location.”

Next Question:

What is meant by the last six words of that quote: “in the same trade or business?”

Answer again according to Revenue Ruling 99-7:

“Where an employee (has) two separate employers... both such positions constitute part of the employee's trade or business.”

Looks like they're saying that your home-based business and your “day job” can be totally unrelated to each other, and you would still meet the definition of “same trade or business.” That's good. **But there's still one more wrinkle to iron out.**

PAGE ONE OF TWO

Consider this quote, also from Revenue Ruling 55-109:

*“The deduction of local transportation expenses, especially in a dual employer situation, would usually be limited to a one-way trip between his two local places of employment on the same day **because the employee ordinarily would not have to report back to his first place of employment on that day.**”*

BUT what if the employee **IS** required to report back to his first place of business (the one based in his residence) to perform additional work-related functions? The same rationale that allowed the business mileage deduction for the **initial** trip from “business location #1” (home-based) to “business location #2” (W-2 job), should also apply to the return trip, shouldn't it?

What to do???

In order to safely claim vehicle mileage deductions for travel between your home-business and your W-2 business, these guidelines are suggested...

1. Be absolutely certain that your home-based business qualifies as a **bona fide Principle Place of Business.**
2. Think differently about your “home.” No longer think of having a residence -- where you also have a business. **You now have a Principle Place of Business -- where you also live.** That is an important distinction.

3. Make sure you ***actively engage in your home-based business before leaving for your “other job.”*** If you simply wake up, get dressed, have a cup of coffee, and then set out for the W-2 job, you will be commuting. Remember from above, going from the taxpayer's residence to a regular place of business or employment, is NON-deductible Personal Commuting.
4. Make sure you *again* ***actively engage in your home-based business*** after returning from your “other place of employment.”
5. *Keep an activity log to* ***prove*** that you actively engaged in your home-based business *every single day* before traveling to your “other place of business,” and again *every single evening* upon returning from that place of employment to the Principle Place of Business located in your home.

These are steps worth committing into a habit. The deduction is worth 50.0¢ per business-mile in 2010.

Let's do the math. If the distance between your home-business and your other place of employment is 10 miles, and you make that drive five days a week, 50 weeks a year, **this deduction is worth \$2,500!**

Note: This explanation is deemed accurate as of the date it was created, but tax laws change from time to time. **Always consult with a Tax Professional before relying on this or any other tax information.**

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“Home Business Tax Savings MADE EASY!”

Dr. Ron Mueller MBA, PhD., has rapidly become known as “THE TAX EXPERT” in the Network Marketing Industry!

His no nonsense approach to showing Networkers How To Save more of what they earn caught the eye of TheNetworkMarketingMagazine.com and we now bring him to you!

Dr. Mueller is an investigative reporter who spent more than a year researching and documenting home-business tax breaks that have been

authorized by Congressional Law, and then translating the Government-ese, IRS-ese and Legali-ese he found into People-ese, - Plain English that the average American can easily understand and quickly put to use to save thousands on their taxes.
