

Tax Home and One-Year Limit Representation

I have completed the **Tax Home Determination worksheet**, have read and understand the **One-Year Assignment Limitation Rule** attached, and now make the following good faith determination (*please check the more appropriate box*):

A. I maintain a permanent tax home and the address of that tax home is (no PO Box, same as W-4):

(Name)

(Street Address)

(City/State/Zip)

And, by accepting employment for this assignment, I represent that by checking Box A, I will not have worked by the end of the assignment within the general area of the assignment (including assignments with other agencies) for more than one year without a significant break from the assignment area. Acceptance of any subsequent assignments and extensions shall be considered affirmation of this representation. I also understand that as generally required by state tax law (except for certain states with reciprocity), state income taxes will be withheld from my taxable compensation based upon the state of my assignment. In some cases partial withholding will also be required for my tax home state and for a few states, both state taxes must be fully withheld

OR

B. I do not maintain a permanent tax home or the pending assignment will result in me exceeding the **One-Year Assignment Limit**. As such, I understand the IRS considers my tax home the area of my temporary assignment.

I understand that **without a permanent tax home or failing the one-year limitation**, all lodging costs or allowances, mileage reimbursements and other transportation costs, and meal & incidental per diem benefits paid me or provided on my behalf will be **treated as taxable compensation** reported on Form W-2 subject to applicable payroll taxes. I further understand that only the state income tax for the assignment state will be withheld.

I understand that I will be required to make this representation periodically. If my permanent tax home or oneyear limit status changes, I must notify the Company immediately. By signing below, I acknowledge that I have been advised by (CHG) that I should consult with a tax advisor regarding this form and the associated tax treatment of my reimbursements while employed by (CHG).

Print Name

Last four digits of Social Security #

Signature

Date

Tax Home Determination Worksheet

(For personal use and information only – DO NOT RETURN)

This worksheet is provided to assist you in determining whether you have a permanent tax home as generally defined by the IRS in Revenue Ruling 73-529, and therefore determine the tax status of the travel costs and/or allowances provided you or paid on your behalf while on assignment.

Because of the critical nature of this determination, we encourage you to consult with a tax advisor.

Please check appropriate boxes below:

YES <input type="checkbox"/> NO <input type="checkbox"/>	1. Do you perform a portion of your business or work in the vicinity of your permanent tax home? <i>Must represent meaningful employment each year.</i>
YES <input type="checkbox"/> NO <input type="checkbox"/>	2. Are you duplicating living expenses (mortgage, rent, utilities, etc.) to maintain the permanent tax home while away from home on assignment? <i>Limited IRS guidance provided, but as a minimum the duplicate expenses to maintain the tax home should exceed \$275 per month.</i>
YES <input type="checkbox"/> NO <input type="checkbox"/>	3. Do you meet one or more of the following criteria regarding your permanent tax home? a. Have a member of your family (spouse, child, or parent) residing with you in the permanent tax home? YES <input type="checkbox"/> NO <input type="checkbox"/> b. Use the permanent tax home frequently for lodging? <i>Limited IRS guidance provided, but the return home trips should be more than a few times a year and one or more of the trips should be much longer than a long weekend.</i> YES <input type="checkbox"/> NO <input type="checkbox"/> c. The permanent tax home represents a historical place of lodging? <i>This means the tax home vicinity is where you grew up, went to college, or have recent and long-term ties to the community.</i> YES <input type="checkbox"/> NO <input type="checkbox"/>

IF you responded YES to all three questions above, then you have a permanent tax home and should check **Box A** on the **Tax Home Representation Form**.

IF you responded NO to two or more of the three questions above, then you do not have a permanent tax home and must check **Box B** on the **Tax Home Representation Form**.

IF you responded YES to two of the three questions, then you must consider the following potential “facts and circumstances” attributes to determine whether you have a permanent tax home. All questions do not necessarily require a YES answer to secure a favorable result, but the majority should have a YES response, and the first four questions are of particular importance.

YES <input type="checkbox"/> NO <input type="checkbox"/>	Is the tax home address your address of record for your income tax returns?
YES <input type="checkbox"/> NO <input type="checkbox"/>	Are utility services registered at the tax home and is it your primary mailing address?
YES <input type="checkbox"/> NO <input type="checkbox"/>	Are your auto license plates and driver’s license registered with your tax home county?
YES <input type="checkbox"/> NO <input type="checkbox"/>	Is the tax home address your address of record for your professional license(s)?
YES <input type="checkbox"/> NO <input type="checkbox"/>	Is your banking relationship with a bank in your tax home vicinity?
YES <input type="checkbox"/> NO <input type="checkbox"/>	Are you registered to vote (and actually vote) at your tax home precinct?
YES <input type="checkbox"/> NO <input type="checkbox"/>	Do you have church, club, or other associations in your tax home vicinity?

One-Year Assignment Limit Rule

The IRS has long held that the travel assignment must be **temporary** for an employee traveling away-from-home on business to receive non-taxable *travel benefits* (meal per diems, corporate provided housing or housing allowances, and mileage reimbursements). IRS Revenue Ruling 93-86 issued in the early 1990s provides that for an assignment to be temporary, it must be **expected** to last **less than one year** and cannot be indefinite in length. Otherwise the lodging at or near the assignment worksite area is considered the employee's tax home area and all *travel benefits* paid would be considered taxable compensation subject to applicable tax withholding. The rationale for the rule is that for an assignment lasting more than one year (or indefinite in length), the employee would be reasonably expected to move their tax home residence to within normal commuting distance of the worksite.

More precisely, the Ruling provides that an away from home assignment will meet this temporary requirement if the assignment is **expected** to last less than one year and does in fact last less than one year. If an assignment is extended for which it will then last more than one year, **all *travel benefits*** must be treated as taxable compensation **when it first becomes known that the one-year limit is expected to be exceeded**; not when the 366th day is reached. *Travel benefits* incurred **prior** to when it is first expected that the one-year limit will be exceeded do **not** need to be reclassified as compensation, but all future *travel benefits* must be treated as taxable compensation.

This one-year limitation applies to the assignment area, **not just the specific assignment or client**, and it applies even if the traveler were employed by a different agency where the traveler continued to work in the same general assignment area (i.e. any future assignment within the commuting distance radius of the prior assignment worksite). This commuting determination cut-off could be as long as 50 miles or 2 hours in a city/suburban area and 100 miles or 1½ hours in a rural area.

A break of at least 13 weeks away from the assignment area is required to restart the counting for this one-year limit.

A more detailed discussion is available on our website, WeatherbyHealthcare.com.

The information contained herein is general in nature and based on authorities that are subject to change. Tax information contained in this document is not intended to be used, and cannot be used, by any person as a basis for avoiding tax penalties that may be imposed by the IRS or any state. We recommend each taxpayer seek advice based on their circumstances from an independent tax advisor.