

Publication 463

Travel, Gift, and Car Expenses

For use in preparing

2024 Returns

Volume 4 of 4



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- a. For the day you return, add $\frac{3}{4}$ of the standard meal allowance amount for the preceding day.
2. Method 2: Prorate the standard meal allowance using any method you consistently apply in accordance with reasonable business practice. For example, an employer can treat 2 full days of per diem (that includes M&IE) paid for travel away from home from 9 a.m. of one day to 5 p.m. of the next day as being no more than the federal rate. This is true even though a federal employee would be limited to a reimbursement of M&IE for only $1\frac{1}{2}$ days of the federal M&IE rate.

The standard mileage rate. This is a set rate per mile that you can use to figure your deductible car expenses. For 2024, the standard mileage rate for the cost of operating your car for business use is 67 cents (\$0.67) per mile.

Fixed and variable rate (FAVR). This is an allowance your employer may use to reimburse your car expenses. Under this method, your employer pays an allowance that includes a combination of payments covering fixed and variable costs, such as a cents-per-mile rate to cover your variable operating costs (such as gas, oil, etc.) plus a flat amount to cover your fixed costs (such as depreciation (or lease payments), insurance, etc.). If your employer chooses to use this method, your employer will request the necessary records from you.

Reporting your expenses with a per diem or car allowance. If your reimbursement is in the form of an allowance received under an accountable plan, the following facts affect your reporting.

- The federal rate.
- Whether the allowance or your actual expenses were more than the federal rate.

The following discussions explain where to report your expenses depending upon how the amount of your allowance compares to the federal rate.

Allowance less than or equal to the federal rate. If your allowance is less than or equal to the federal rate, the allowance won't be included in box 1 of your Form W-2. You don't need to report the related expenses or the allowance on your return if your expenses are equal to or less than the allowance.

However, if your actual expenses are more than your allowance, you can complete Form 2106. If you are using actual expenses, you must be able to prove to the IRS the total amount of your expenses and reimbursements for the entire year. If you are using the standard meal allowance or the standard mileage rate, you don't have to prove that amount.



Form 2106 is only used by Armed Forces reservists, qualified performing artists, fee-basis state or local government officials, and employees with impairment-related work expenses. Due to the suspension of miscellaneous itemized deductions subject to the 2% floor under section 67(a), employees who don't fit into one of the listed categories may not use Form 2106.

Example 1. In April, a member of a reserve component of the Armed Forces takes a 2-day business trip to Denver. The federal rate for Denver is \$280 (\$201 lodging + \$79 M&IE) per day. As required by their employer's accountable plan, they account for the time (dates), place, and business purpose of the trip. Their employer reimburses them \$280 a day (\$560 total) for living expenses. Their living expenses in Denver aren't more than \$280 a day.

Their employer doesn't include any of the reimbursement on their Form W-2 and they don't deduct the expenses on their return.

Example 2. In June, a fee-basis local government official takes a 2-day business trip to Boston. Their employer uses the high-low method to reimburse employees. Because Boston is a high-cost area, they are given an advance of \$309 (which includes \$74 for M&IE) a day (\$618 total) for their lodging and M&IE. Their actual expenses totaled \$700.

Since their \$700 of expenses are more than their \$618 advance, they include the excess expenses when they itemize their deductions. They complete Form 2106 (showing all of their expenses and reimbursements). They must also allocate their reimbursement between their meals and other expenses as discussed later under Completing Form 2106.

Example 3. A fee-basis state government official drives 10,000 miles during 2024 for business.

Under their employer's accountable plan, they account for the time (dates), place, and business purpose of each trip. Their employer pays them a mileage allowance of 40 cents (\$0.40) a mile.

Because their \$6,700 expense figured under the standard mileage rate (10,000 miles x 67 cents (\$0.67) per mile) is more than their \$4,000 reimbursement (10,000 miles x 40 cents (\$0.40)), they itemize their deductions to claim the excess expense. They complete Form 2106 (showing all their expenses and reimbursements) and enter \$2,700 (\$6,700 – \$4,000) as an itemized deduction.

Allowance more than the federal rate. If your allowance is more than the federal rate, your employer must include the allowance amount up to the federal rate under code L in box 12 of your Form W-2. This amount isn't taxable.

However, the excess allowance will be included in box 1 of your Form W-2. You must report this part of your allowance as if it were wage income.

If your actual expenses are less than or equal to the federal rate, you don't complete Form 2106 or claim any of your expenses on your return.

However, if your actual expenses are more than the federal rate, you can complete Form 2106 and deduct those excess expenses. You must report on Form 2106 your reimbursements up to the federal rate (as shown under code L in box 12 of your Form W-2) and all your expenses. You should be able to prove these amounts to the IRS.



Form 2106 is only used by Armed Forces reservists, qualified performing artists, fee-basis state or local government officials, and employees with impairment-related work expenses.

Due to the suspension of miscellaneous itemized deductions subject to the 2% floor under section 67(a), employees who don't fit into one of the listed categories may not use Form 2106.

Example 1. Sasha, a performing artist, lives and works in Austin. In July, the employer sent Sasha to Albuquerque for 4 days on business. The employer paid the hotel directly for Sasha's lodging and reimbursed \$80 a day (\$320 total) for M&IE. Sasha's actual meal expenses weren't more than the federal rate for Albuquerque, which is \$69 per day.

The employer included the \$44 that was more than the federal rate ($(\$80 - \$69) \times 4$) in box 1 of Sasha's Form W-2. The employer shows \$276 ($\$69 \text{ a day} \times 4$) under code L in box 12 of Form W-2. This amount isn't included in income.

Sasha doesn't have to complete Form 2106; however, Sasha must include the \$44 in gross income as wages (by reporting the total amount shown in box 1 of their Form W-2).

Example 2. Another performing artist, Ari, also lives in Austin and works for the same employer as in *Example 1*. In May, the employer sent Ari to San Diego for 4 days and paid the hotel directly for the hotel bill. The employer reimbursed Ari \$75 a day for M&IE. The federal rate for San Diego is \$74 a day.

Ari can prove that actual non-entertainment-related meal expenses totaled \$380. The employer's accountable plan won't pay more than \$75 a day for travel to San Diego, so Ari doesn't give the employer the records that prove that the amount actually spent was \$380. However, Ari does account for the time (dates), place, and business purpose of the trip. This is Ari's only business trip this year.

Ari was reimbursed \$300 ($\75×4 days), which is \$4 more than the federal rate of \$296 ($\74×4 days). The employer includes the \$4 as income on the employee's Form W-2 in box 1. The employer also enters \$296 under code L in box 12 of the employee's Form W-2.

Ari completes Form 2106 to figure deductible expenses and enters the total of actual expenses for the year (\$380) on Form 2106. Ari also enters the reimbursements that weren't included in income (\$296). Ari's total deductible meals and beverages expense, before the 50% limit, is \$96. Ari will include \$48 as an itemized deduction.

Example 3. Palmer, a fee-basis state government official, drives 10,000 miles during 2024 for business. Under the employer's accountable plan, Palmer gets reimbursed 70 cents (\$0.70) a mile, which is more than the standard mileage rate. The total reimbursement is \$7,000.

The employer must include the reimbursement amount up to the standard mileage rate, \$6,700 (10,000 miles x 67 cents (\$0.67) per mile), under code L in box 12 of the employee's Form W-2. That amount isn't taxable. The employer must also include \$300 (\$7,000 – \$6,700) in box 1 of the employee's Form W-2. This is the reimbursement that is more than the standard mileage rate.

If the expenses are equal to or less than the standard mileage rate, Palmer wouldn't complete Form 2106. If the expenses are more than the standard mileage rate, Palmer would complete Form 2106 and report total expenses and reimbursement (shown under code L in box 12 of their Form W-2). Palmer would then claim the excess expenses as an itemized deduction.

Returning Excess Reimbursements

Under an accountable plan, you are required to return any excess reimbursement or other expense allowances for your business expenses to the person paying the reimbursement or allowance. Excess reimbursement means any amount for which you didn't adequately account within a reasonable period of time. For example, if you received a travel advance and you didn't spend all the money on business-related expenses or you don't have proof of all your expenses, you have an excess reimbursement.

Adequate accounting and reasonable period of time were discussed earlier in this chapter.

Travel advance. You receive a travel advance if your employer provides you with an expense allowance before you actually have the expense, and the allowance is reasonably expected to be no more than your expense.

Under an accountable plan, you are required to adequately account to your employer for this advance and to return any excess within a reasonable period of time.

If you don't adequately account for or don't return any excess advance within a reasonable period of time, the amount you don't account for or return will be treated as having been paid under a nonaccountable plan (discussed later).

Unproven amounts. If you don't prove that you actually traveled on each day for which you received a per diem or car allowance (proving the elements described in Table 5-1), you must return this unproven amount of the travel advance within a reasonable period of time. If you don't do this, the unproven amount will be considered paid under a nonaccountable plan (discussed later).

Per diem allowance more than federal rate. If your employer's accountable plan pays you an allowance that is higher than the

federal rate, you don't have to return the difference between the two rates for the period you can prove business-related travel expenses. However, the difference will be reported as wages on your Form W-2. This excess amount is considered paid under a nonaccountable plan (discussed later).

Example. Your employer sends you on a 5-day business trip to Phoenix in March 2024 and gives you a \$400 ($\80×5 days) advance to cover your M&IE. The federal per diem for M&IE for Phoenix is \$69. Your trip lasts only 3 days. Under your employer's accountable plan, you must return the \$160 ($\80×2 days) advance for the 2 days you didn't travel. For the 3 days you did travel, you don't have to return the \$33 difference between the allowance you received and the federal rate for Phoenix ($(\$80 - \$69) \times 3$ days). However, the \$33 will be reported on your Form W-2 as wages.

Nonaccountable Plans

A nonaccountable plan is a reimbursement or expense allowance arrangement that doesn't meet one or more of the three rules listed earlier under Accountable Plans.

In addition, even if your employer has an accountable plan, the following payments will be treated as being paid under a nonaccountable plan.

- Excess reimbursements you fail to return to your employer.
- Reimbursement of nondeductible expenses related to your employer's business. See Reimbursement of nondeductible expenses, earlier, under *Accountable Plans*.

An arrangement that repays you for business expenses by reducing the amount reported as your wages, salary, or other pay will be treated as a nonaccountable plan.

This is because you are entitled to receive the full amount of your pay whether or not you have any business expenses.

If you aren't sure if the reimbursement or expense allowance arrangement is an accountable or nonaccountable plan, ask your employer.

Reporting your expenses under a nonaccountable plan. Your employer will combine the amount of any reimbursement or other expense allowance paid to you under a nonaccountable plan with your wages, salary, or other pay. Your employer will report the total in box 1 of your Form W-2.

You must complete Form 2106 and itemize your deductions to deduct your expenses for travel, transportation, or non-entertainment-related meals. Your meal and entertainment expenses will be subject to the 50% Limit discussed in chapter 2.



Form 2106 is only used by Armed Forces reservists, qualified performing artists, fee-basis state or local government officials, and employees with impairment-related work expenses. Due to the suspension of miscellaneous itemized deductions subject to the 2% floor under section 67(a), employees who don't fit into one of the listed categories may not use Form 2106.

Example 1. Your employer gives you \$1,000 a month (\$12,000 total for the year) for your business expenses. You don't have to provide any proof of your expenses to your employer, and you can keep any funds that you don't spend.

You are a performing artist and are being reimbursed under a nonaccountable plan. Your employer will include the \$12,000 on your Form W-2 as if it were wages.

If you want to deduct your business expenses, you must complete Form 2106 and itemize your deductions.

Example 2. You are paid \$2,000 a month by your employer. On days that you travel away from home on business, your employer designates \$50 a day of your salary as paid to reimburse your travel expenses. Because your employer would pay your monthly salary whether or not you were traveling away from home, the arrangement is a nonaccountable plan. No part of the \$50 a day designated by your employer is treated as paid under an accountable plan.

Rules for Independent Contractors and Clients

This section provides rules for independent contractors who incur expenses on behalf of a client or customer. The rules cover the reporting and substantiation of certain expenses discussed in this publication,

and they affect both independent contractors and their clients or customers.

You are considered an independent contractor if you are self-employed and you perform services for a customer or client.

Accounting to Your Client

If you received a reimbursement or an allowance for travel, or gift expenses that you incurred on behalf of a client, you should provide an adequate accounting of these expenses to your client. If you don't account to your client for these expenses, you must include any reimbursements or allowances in income. You must keep adequate records of these expenses whether or not you account to your client for these expenses.

If you don't separately account for and seek reimbursement for meal and entertainment expenses in connection with providing services for a client,

you are subject to the 50% limit on those expenses. See 50% Limit in chapter 2.

Adequate accounting. As a self-employed person, you adequately account by reporting your actual expenses. You should follow the recordkeeping rules in chapter 5.

How to report. For information on how to report expenses on your tax return, see Self-employed at the beginning of this chapter.

Required Records for Clients or Customers

If you are a client or customer, you generally don't have to keep records to prove the reimbursements or allowances you give, in the course of your business, to an independent contractor for travel or gift expenses incurred on your behalf. However, you must keep records if:

- You reimburse the contractor for entertainment expenses incurred on your behalf, and

- The contractor adequately accounts to you for these expenses.

Contractor adequately accounts. If the contractor adequately accounts to you for non-entertainment-related meal expenses, you (the client or customer) must keep records documenting each element of the expense, as explained in chapter 5. Use your records as proof for a deduction on your tax return. If non-entertainment-related meal expenses are accounted for separately, you are subject to the 50% limit on meals. If the contractor adequately accounts to you for reimbursed amounts, you don't have to report the amounts on an information return.

Contractor doesn't adequately account. If the contractor doesn't adequately account to you for allowances or reimbursements of non-entertainment-related meal expenses, you don't have to keep records of these items. You aren't subject to the 50% limit on meals in this case.

You can deduct the reimbursements or allowances as payment for services if they are ordinary and necessary business expenses. However, you must file Form 1099-MISC to report amounts paid to the independent contractor if the total of the reimbursements and any other fees is \$600 or more during the calendar year.

How To Use Per Diem Rate Tables

This section contains information about the per diem rate substantiation methods available and the choice of rates you must make for the last 3 months of the year.

The Two Substantiation Methods

High-low method. IRS Notices list the localities that are treated under the high-low substantiation method as high-cost localities for all or part of the year. Notice 2023-68, available at [IRS.gov/irb/2023-41_IRB#NOT-2023-68](https://www.irs.gov/irb/2023-41_IRB#NOT-2023-68), lists the high-cost localities that are eligible for \$309

(which includes \$74 for meals and incidental expenses (M&IE)) per diem, effective October 1, 2023. For travel on or after October 1, 2023, all other localities within the continental United States (CONUS) are eligible for \$214 (which includes \$64 for M&IE) per diem under the high-low method.

Notice 2024-68, available at [IRS.gov/irb/2024-41 IRB#NOT-2024-68](https://www.irs.gov/irb/2024-41_IRB#NOT-2024-68), lists the high-cost localities that are eligible for \$319 (which includes \$86 for M&IE) per diem, effective October 1, 2024. For travel on or after October 1, 2024, the per diem for all other localities increased to \$225 (which includes \$74 for M&IE).

Regular federal per diem rate method.

Regular federal per diem rates are published by the General Services Administration (GSA). Both tables include the separate rate for M&IE for each locality.

The rates listed for FY2024 at [GSA.gov/travel/plan-book/per-diem-rates](https://www.gsa.gov/travel/plan-book/per-diem-rates) are effective October 1, 2023, and those listed for FY2025 are effective October 1, 2024. The standard rate for all locations within CONUS not specifically listed for FY2024 is \$166 (\$107 for lodging and \$59 for M&IE). For FY2025, this rate increases to \$178 (\$110 for lodging and \$68 for M&IE).

Transition Rules

The transition period covers the last 3 months of the calendar year, from the time that new rates are effective (generally, October 1) through December 31. During this period, you may generally change to the new rates or finish out the year with the rates you had been using.

High-low method. If you use the high-low substantiation method, when new rates become effective (generally, October 1),

you can either continue with the rates you used for the first part of the year or change to the new rates. However, you must continue using the high-low method for the rest of the calendar year (through December 31). If you are an employer, you must use the same rates for all employees reimbursed under the high-low method during that calendar year.

The new rates and localities for the high-low method are included each year in a notice that is generally published in mid-to-late September. You can find the notice in the weekly Internal Revenue Bulletin (IRB) at [IRS.gov/IRB](https://www.irs.gov/irb), or visit [IRS.gov](https://www.irs.gov) and enter "Special Per Diem Rates" in the search box.

Federal per diem rate method. New CONUS per diem rates become effective on October 1 of each year and remain in effect through September 30 of the following year. Employees being reimbursed under the per diem rate method during the first 9 months of a year (January 1– September 30)

must continue under the same method through the end of that calendar year (December 31). However, for travel by these employees from October 1 through December 31, you can choose to continue using the same per diem rates or use the new rates.

The new federal CONUS per diem rates are published each year, generally early in September. Go to [GSA.gov/ travel/plan-book/per-diem-rates](https://www.gsa.gov/travel/plan-book/per-diem-rates).



Per diem rates for localities listed for FY2025 may change at any time.

To be sure you have the most current rate, check [GSA.gov/travel/plan-book/perdiem-rates](https://www.gsa.gov/travel/plan-book/perdiem-rates).

Completing Form 2106

For tax years beginning after 2017, the Form 2106 will be used by Armed Forces reservists, qualified performing artists, fee-basis state or local government officials, and employees with impairment-related work expenses.

Due to the suspension of miscellaneous itemized deductions subject to the 2% floor under section 67(a), employees who don't fit into one of the listed categories may not use Form 2106.

This section briefly describes how employees complete Forms 2106. Table 6-1 explains what the employer reports on Form W-2 and what the employee reports on Form 2106. The instructions for the forms have more information on completing them.



If you are self-employed, don't file Form 2106. Report your expenses on Schedule C (Form 1040) or Schedule F (Form 1040). See the instructions for the form that you must file.

Car expenses. If you used a car to perform your job as an employee, you may be able to deduct certain car expenses. These are generally figured on Form 2106, Part II, and then claimed on Form 2106, Part I, line 1, column A.

Information on use of cars. If you claim any deduction for the business use of a car, you must answer certain questions and provide information about the use of the car. The information relates to the following items.

- Date placed in service.
- Mileage (total, business, commuting, and other personal mileage).
- Percentage of business use.
- After-work use.
- Use of other vehicles.
- Whether you have evidence to support the deduction.
- Whether or not the evidence is written.
- Employees must complete Form 2106, Part II, Section A, to provide this information.

Table 6-1. **Reporting Travel, Nonentertainment Meal, Gift, and Car Expenses and Reimbursements**

IF the type of reimbursement (or other expense allowance) arrangement is under:	THEN the employer reports on Form W-2:	AND the employee reports on Form 2106:
An accountable plan with:		
<i>Actual expense reimbursement:</i> Adequate accounting made <u>and</u> excess returned.	No amount.	No amount.
<i>Actual expense reimbursement:</i> Adequate accounting and return of excess both required <u>but</u> excess not returned.	The excess amount as wages in box 1.	No amount.
<i>Per diem or mileage allowance up to the federal rate:</i> Adequate accounting made <u>and</u> excess returned.	No amount.	All expenses and reimbursements only if excess expenses are claimed. Otherwise, form isn't filed.
<i>Per diem or mileage allowance up to the federal rate:</i> Adequate accounting and return of excess both required <u>but</u> excess not returned.	The excess amount as wages in box 1. The amount up to the federal rate is reported only under code L in box 12 of Form W-2—it isn't reported in box 1.	No amount.
<i>Per diem or mileage allowance exceeds the federal rate:</i> Adequate accounting up to the federal rate only <u>and</u> excess not returned.	The excess amount as wages in box 1. The amount up to the federal rate is reported only under code L in box 12 of Form W-2—it isn't reported in box 1.	All expenses (and reimbursements reported under code L in box 12 of Form W-2) only if expenses in excess of the federal rate are claimed. Otherwise, form isn't filed.
A nonaccountable plan with: Either adequate accounting or return of excess, or both, not required by plan.	The entire amount as wages in box 1.	All expenses.
No reimbursement plan:	The entire amount as wages in box 1.	All expenses.

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Standard mileage rate. If you claim a deduction based on the standard mileage rate instead of your actual expenses, you must complete Form 2106, Part II, Section B. The amount on line 22 (Section B) is carried to Form 2106, Part I, line 1. In addition, on Part I, line 2, you can deduct parking fees and tolls that apply to the business use of the car. See *Standard Mileage Rate* in chapter 4 for information on using this rate.

Actual expenses. If you claim a deduction based on actual car expenses, you must complete Form 2106, Part II, Section C. In addition, unless you lease your car, you must complete Section D to show your depreciation deduction and any section 179 deduction you claim.

If you are still using a car that is fully depreciated, continue to complete Section C. Since you have no depreciation deduction, enter zero on line 28. In this case, don't complete Section D.

Car rentals. If you claim car rental expenses on Form 2106, line 24a, you may have to reduce that expense by an inclusion amount, as described in chapter 4. If so, you can show your car expenses and any inclusion amount as follows.

1. Figure the inclusion amount without taking into account your business-use percentage for the tax year.
2. Report the inclusion amount from (1) on Form 2106, Part II, line 24b.
3. Report on line 24c the net amount of car rental expenses (total car rental expenses minus the inclusion amount figured in (1)).

The net amount of car rental expenses will be adjusted on Form 2106, Part II, line 27, to reflect the percentage of business use for the tax year.

Transportation expenses. Show your transportation expenses that didn't involve overnight travel on Form 2106, line 2, column A. Also include on this line business expenses you have for parking fees and tolls. Don't include expenses of operating your car or expenses of commuting between your home and work.

Employee business expenses other than nonentertainment meals. Show your other employee business expenses on Form 2106, lines 3 and 4, column A. Don't include expenses for nonentertainment meals on those lines. Line 4 is for expenses such as gifts, educational expenses (tuition and books), office-in-the-home expenses, and trade and professional publications.



If line 4 expenses are the only ones you are claiming, you received no reimbursements (or the reimbursements were all included in box 1 of your Form W-2),

and the special rules discussed later don't apply to you, don't complete Form 2106.

Non-entertainment-related meal expenses. Show the full amount of your expenses for nonentertainment business-related meals on Form 2106, line 5, column B. Include meals while away from your tax home overnight and other business meals. Enter 50% of the line 8, column B, meal expenses on line 9, column B.

"Hours of service" limits. If you are subject to the Department of Transportation's "hours of service" limits (as explained earlier under *Individuals subject to "hours of service" limits* in chapter 2), use 80% instead of 50% for meals while away from your tax home.

Reimbursements. Enter on Form 2106, line 7, the amounts your employer (or third party) reimbursed you that weren't reported to you in box 1 of your Form W-2. This includes any amount reported under code L in box 12 of Form W-2.

Allocating your reimbursement. If you were reimbursed under an accountable plan and want to deduct excess expenses that weren't reimbursed, you may have to allocate your reimbursement. This is necessary when your employer pays your reimbursement in the following manner.

- Pays you a single amount that covers non-entertainment-related meals and/or entertainment, as well as other business expenses.
- Doesn't clearly identify how much is for deductible non-entertainment-related meals.

You must allocate that single payment so that you know how much to enter on Form 2106, line 7, column A and column B.

Example. Your employer paid you an expense allowance of \$12,000 this year under an accountable plan.

The \$12,000 payment consisted of \$5,000 for airfare and \$7,000 for non-entertainment-related meals, and car expenses. Your employer didn't clearly show how much of the \$7,000 was for the cost of deductible non-entertainment-related meals. You actually spent \$14,000 during the year (\$5,500 for airfare, \$4,500 for non-entertainment-related meals, and \$4,000 for car expenses).

Since the airfare allowance was clearly identified, you know that \$5,000 of the payment goes in column A, line 7, of Form 2106. To allocate the remaining \$7,000, you use the worksheet from the Instructions for Form 2106. Your completed worksheet follows.

Reimbursement Allocation Worksheet (Keep for your records.)

1. Enter the total amount of
reimbursements your employer \$7,000

gave you that weren't reported
to you in box 1 of Form W-2 . .

2. Enter the total amount of your
expenses for the periods
covered by this reimbursement 8,500
3. Enter the part of the amount on
line 2 that was your total
expense for non-entertainment-
related meals . 4,500
4. Divide line 3 by line 2. Enter the
result as a decimal (rounded to
at least three places) 0.529
5. Multiply line 1 by line 4. Enter
the result here and in column B,
line 7 3,703
6. Subtract line 5 from line 1.
Enter the result here and in
column A, line 7 \$3,297

After you complete the form. If you are a government official paid on a fee basis, a performing artist, an Armed Forces reservist, or a disabled employee with impairment-related work expenses, see Special Rules, later.

Limits on employee business expenses.

Your employee business expenses may be subject to either of the limits described next. They are figured in the following order on the specified form.

1. *Limit on meals and entertainment.*

Certain non-entertainment-related meal expenses are subject to a 50% limit. Generally, entertainment expenses are nondeductible if paid or incurred after December 2017. If you are an employee, you figure this limit on line 9 of Form 2106. (See 50% Limit in chapter 2.)

2. *Limit on total itemized deductions.*

Limitations on itemized deductions are suspended for tax years beginning after

2017 and before tax year January 2026,
per section 68(g).

Special Rules

This section discusses special rules that apply only to Armed Forces reservists, government officials who are paid on a fee basis, performing artists, and disabled employees with impairment-related work expenses. For tax years beginning after 2017, they are the only taxpayers who can use Form 2106.

Armed Forces Reservists Traveling More Than 100 Miles From Home

If you are a member of a reserve component of the Armed Forces of the United States and you travel more than 100 miles away from home in connection with your performance of services as a member of the reserves, you can deduct your travel expenses as an adjustment to gross income rather than as a miscellaneous itemized deduction.

The amount of expenses you can deduct as an adjustment to gross income is limited to the regular federal per diem rate (for lodging and M&IE) and the standard mileage rate (for car expenses) plus any parking fees, ferry fees, and tolls. See *Per Diem and Car Allowances*, earlier, for more information.

Member of a reserve component. You are a member of a reserve component of the Armed Forces of the United States if you are in the Army, Navy, Marine Corps, Air Force, or Coast Guard Reserve; the Army National Guard of the United States; the Air National Guard of the United States; or the Reserve Corps of the Public Health Service.

How to report. If you have reserve-related travel that takes you more than 100 miles from home, you should first complete Form 2106. Then include your expenses for reserve travel over 100 miles from home, up to the federal rate, from Form 2106, line 10, in the total on Schedule 1 (Form 1040), line 12.

You can't deduct expenses of travel that doesn't take you more than 100 miles from home as an adjustment to gross income.

Officials Paid on a Fee Basis

Certain fee-basis officials can claim their employee business expenses on Form 2106.

Fee-basis officials are persons who are employed by a state or local government and who are paid in whole or in part on a fee basis. They can deduct their business expenses in performing services in that job as an adjustment to gross income rather than as a miscellaneous itemized deduction.

If you are a fee-basis official, include your employee business expenses from Form 2106, line 10, in the total on Schedule 1 (Form 1040), line 12.

Expenses of Certain Performing Artists

If you are a performing artist, you may qualify to deduct your employee business expenses as an adjustment to gross income. To qualify, you must meet all of the following requirements.

- 1.** During the tax year, you perform services in the performing arts as an employee for at least two employers.
- 2.** You receive at least \$200 each from any two of these employers.
- 3.** Your related performing-arts business expenses are more than 10% of your gross income from the performance of those services.
- 4.** Your adjusted gross income isn't more than \$16,000 before deducting these business expenses.

Special rules for married persons. If you are married, you must file a joint return unless you lived apart from your spouse at all times during the tax year. If you file a joint return, you must figure requirements (1), (2), and (3) separately for both you and your spouse. However, requirement (4) applies to your and your spouse's combined adjusted gross income.

Where to report. If you meet all of the above requirements, you should first complete Form 2106. Then you include your performing-arts-related expenses from Form 2106, line 10, in the total on Schedule 1 (Form 1040), line 12.

If you don't meet all of the above requirements, you don't qualify to deduct your expenses as an adjustment to gross income.

Impairment-Related Work Expenses of Disabled Employees

If you are an employee with a physical or mental disability, your impairment-related work expenses aren't subject to the 2%-of-adjusted-gross-income limit that applies to most other employee business expenses.

After you complete Form 2106, enter your impairment-related work expenses from Form 2106, line 10, on Schedule A (Form 1040), line 16, and identify the type and amount of this expense on the line next to line 16.

Impairment-related work expenses are your allowable expenses for attendant care at your workplace and other expenses in connection with your workplace that are necessary for you to be able to work.

You are disabled if you have:

- A physical or mental disability (for example, blindness or deafness) that

functionally limits your being employed;
or

- A physical or mental impairment (for example, a sight or hearing impairment) that substantially limits one or more of your major life activities, such as performing manual tasks, walking, speaking, breathing, learning, or working.

You can deduct impairment-related expenses as business expenses if they are:

- Necessary for you to do your work satisfactorily;
- For goods and services not required or used, other than incidentally, in your personal activities; and
- Not specifically covered under other income tax laws.

Example 1. You are blind. You must use a reader to do your work.

You use the reader both during your regular working hours at your place of work and outside your regular working hours away from your place of work. The reader's services are only for your work. You can deduct your expenses for the reader as business expenses.

Example 2. You are deaf. You must use a sign language interpreter during meetings while you are at work.

The interpreter's services are used only for your work. You can deduct your expenses for the interpreter as business expenses.

How To Get Tax Help

If you have questions about a tax issue; need help preparing your tax return; or want to download free publications, forms, or instructions, go to [IRS.gov](https://www.irs.gov) to find resources that can help you right away.

Preparing and filing your tax return.

After receiving all your wage and earnings statements (Forms W-2, W-2G, 1099-R, 1099-MISC, 1099-NEC, etc.); unemployment compensation statements (by mail or in a digital format) or other government payment statements (Form 1099-G); and interest, dividend, and retirement statements from banks and investment firms (Forms 1099), you have several options to choose from to prepare and file your tax return. You can prepare the tax return yourself, see if you qualify for free tax preparation, or hire a tax professional to prepare your return.

Free options for tax preparation. Your options for preparing and filing your return online or in your local community, if you qualify, include the following.

- **Direct File.** Direct File is a permanent option to file individual federal tax returns online—for free—directly and securely with the IRS. Direct File is an option for

taxpayers in participating states who have relatively simple tax returns reporting certain types of income and claiming certain credits and deductions. While Direct File doesn't prepare state returns, if you live in a participating state, Direct File guides you to a state-supported tool you can use to prepare and file your state tax return for free. Go to [IRS.gov/DirectFile](https://www.irs.gov/DirectFile) for more information, program updates, and frequently asked questions.

- **Free File.** This program lets you prepare and file your federal individual income tax return for free using software or Free File Fillable Forms. However, state tax preparation may not be available through Free File. Go to [IRS.gov/FreeFile](https://www.irs.gov/FreeFile) to see if you qualify for free online federal tax preparation, e-filing, and direct deposit or payment options.

- **VITA.** The Volunteer Income Tax Assistance (VITA) program offers free tax help to people with low-to-moderate incomes, persons with disabilities, and limited-English-speaking taxpayers who need help preparing their own tax returns. Go to [IRS.gov/ VITA](https://www.irs.gov/VITA), download the free IRS2Go app, or call 800-906-9887 for information on free tax return preparation.
- **TCE.** The Tax Counseling for the Elderly (TCE) program offers free tax help for all taxpayers, particularly those who are 60 years of age and older. TCE volunteers specialize in answering questions about pensions and retirement-related issues unique to seniors. Go to [IRS.gov/TCE](https://www.irs.gov/TCE) or download the free IRS2Go app for information on free tax return preparation.

- **MilTax.** Members of the U.S. Armed Forces and qualified veterans may use MilTax, a free tax service offered by the Department of Defense through Military OneSource. For more information, go to [MilitaryOneSource](https://www.militaryonesource.com/miltax) ([MilitaryOneSource.mil/MilTax](https://www.militaryonesource.com/miltax)).

Also, the IRS offers Free Fillable Forms, which can be completed online and then e-filed regardless of income.

Using online tools to help prepare your return. Go to [IRS.gov/Tools](https://www.irs.gov/tools) for the following.

- [IRS.gov/DirectFile](https://www.irs.gov/directfile) offers an Eligibility Checker to help you determine if Direct File is the right choice for your tax filing needs.
- The [Earned Income Tax Credit Assistant](https://www.irs.gov/eitcassistant) ([IRS.gov/ EITCAssistant](https://www.irs.gov/eitcassistant)) determines if you're eligible for the earned income credit (EIC).

- The [Online EIN Application](https://www.irs.gov/ein) ([IRS.gov/EIN](https://www.irs.gov/ein)) helps you get an employer identification number (EIN) at no cost.
- The [Tax Withholding Estimator](https://www.irs.gov/wo4app) ([IRS.gov/W4App](https://www.irs.gov/wo4app)) makes it easier for you to estimate the federal income tax you want your employer to withhold from your paycheck. This is tax withholding. See how your withholding affects your refund, take-home pay, or tax due.
- The [First-Time Homebuyer Credit Account Look-up](https://www.irs.gov/firsttimehomebuyer) ([IRS.gov/HomeBuyer](https://www.irs.gov/firsttimehomebuyer)) tool provides information on your repayments and account balance.
- The [Sales Tax Deduction Calculator](https://www.irs.gov/sales-tax) ([IRS.gov/ SalesTax](https://www.irs.gov/sales-tax)) figures the amount you can claim if you itemize deductions on Schedule A (Form 1040).



Getting answers to your tax

questions. On IRS.gov, you can get up-to-date information on current events and changes in tax law.

- [IRS.gov/Help](https://www.irs.gov/help): A variety of tools to help you get answers to some of the most common tax questions.
- [IRS.gov/ITA](https://www.irs.gov/ita): The Interactive Tax Assistant, a tool that will ask you questions and, based on your input, provide answers on a number of tax topics.
- [IRS.gov/Forms](https://www.irs.gov/forms): Find forms, instructions, and publications. You will find details on the most recent tax changes and interactive links to help you find answers to your questions.
- You may also be able to access tax information in your e-filing software.

Need someone to prepare your tax

return? There are various types of tax return preparers, including enrolled agents, certified public accountants (CPAs), accountants, and many others who don't have professional credentials. If you choose to have someone prepare your tax return, choose that preparer wisely. A paid tax preparer is:

- Primarily responsible for the overall substantive accuracy of your return,
- Required to sign the return, and
- Required to include their preparer tax identification number (PTIN).



Although the tax preparer always signs the return, you're ultimately responsible for providing all the information required for the preparer to accurately prepare your return and for the accuracy of every item reported on the return.

Anyone paid to prepare tax returns for others should have a thorough understanding of tax matters. For more information on how to choose a tax preparer, go to [Tips for Choosing a Tax Preparer](#) on IRS.gov.

Employers can register to use Business Services Online. The Social Security Administration (SSA) offers online service at [SSA.gov/employer](#) for fast, free, and secure W-2 filing options to CPAs, accountants, enrolled agents, and individuals who process Form W-2, Wage and Tax Statement; and Form W-2c, Corrected Wage and Tax Statement.

Business tax account. If you are a sole proprietor, a partnership, or an S corporation, you can view your tax information on record with the IRS and do more with a business tax account. Go to [IRS.gov/businessaccount](#) for more information.

IRS social media. Go to [IRS.gov/SocialMedia](https://www.irs.gov/SocialMedia) to see the various social media tools the IRS uses to share the latest information on tax changes, scam alerts, initiatives, products, and services. At the IRS, privacy and security are our highest priority. We use these tools to share public information with you. **Don't** post your social security number (SSN) or other confidential information on social media sites. Always protect your identity when using any social networking site.

The following IRS YouTube channels provide short, informative videos on various tax-related topics in English, Spanish, and ASL.

- [Youtube.com/irsvideos.](https://www.youtube.com/irsvideos)
- [Youtube.com/irsvideomultilingua.](https://www.youtube.com/irsvideomultilingua)
- [Youtube.com/irsvideosASL.](https://www.youtube.com/irsvideosASL)

Online tax information in other languages. You can find information on [IRS.gov/MyLanguage](https://www.irs.gov/MyLanguage) if English isn't your native language.

Free Over-the-Phone Interpreter (OPI) Service. The IRS is committed to serving taxpayers with limited-English proficiency (LEP) by offering OPI services. The OPI Service is a federally funded program and is available at Taxpayer Assistance Centers (TACs), most IRS offices, and every VITA/TCE tax return site. The OPI Service is accessible in more than 350 languages.

Accessibility Helpline available for taxpayers with disabilities. Taxpayers who need information about accessibility services can call 833-690-0598. The Accessibility Helpline can answer questions related to current and future accessibility products and services available in alternative media formats (for example, braille, large print, audio, etc.).

The Accessibility Helpline does not have access to your IRS account. For help with tax law, refunds, or account-related issues, go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp).

Alternative media preference. Form 9000, Alternative Media Preference, or Form 9000(SP) allows you to elect to receive certain types of written correspondence in the following formats.

- Standard Print.
- Large Print.
- Braille.
- Audio (MP3).
- Plain Text File (TXT).
- Braille Ready File (BRF).

Disasters. Go to [IRS.gov/DisasterRelief](https://www.irs.gov/DisasterRelief) to review the available disaster tax relief.

Getting tax forms and publications. Go to [IRS.gov/ Forms](https://www.irs.gov/forms) to view, download, or print all the forms, instructions, and publications you may need. Or, you can go to [IRS.gov/OrderForms](https://www.irs.gov/OrderForms) to place an order.

Mobile-friendly forms. You'll need an IRS Online Account (OLA) to complete mobile-friendly forms that require signatures. You'll have the option to submit your form(s) online or download a copy for mailing. You'll need scans of your documents to support your submission. Go to [IRS.gov/MobileFriendlyForms](https://www.irs.gov/MobileFriendlyForms) for more information.

Getting tax publications and instructions in eBook format. Download and view most tax publications and instructions (including the Instructions for Form 1040) on mobile devices as eBooks at [IRS.gov/eBooks](https://www.irs.gov/eBooks).

IRS eBooks have been tested using Apple's iBooks for iPad.

Our eBooks haven't been tested on other dedicated eBook readers, and eBook functionality may not operate as intended.

Access your online account (individual taxpayers only). Go to [IRS.gov/Account](https://www.irs.gov/Account) to securely access information about your federal tax account.

- View the amount you owe and a breakdown by tax year.
- See payment plan details or apply for a new payment plan.
- Make a payment or view 5 years of payment history and any pending or scheduled payments.
- Access your tax records, including key data from your most recent tax return, and transcripts.
- View digital copies of select notices from the IRS.
- Approve or reject authorization requests from tax professionals.

- View your address on file or manage your communication preferences.

Get a transcript of your return. With an online account, you can access a variety of information to help you during the filing season. You can get a transcript, review your most recently filed tax return, and get your adjusted gross income. Create or access your online account at [IRS.gov/ Account](https://www.irs.gov/Account).

Tax Pro Account. This tool lets your tax professional submit an authorization request to access your individual taxpayer IRS OLA. For more information, go to [IRS.gov/ TaxProAccount](https://www.irs.gov/TaxProAccount).

Using direct deposit. The safest and easiest way to receive a tax refund is to e-file and choose direct deposit, which securely and electronically transfers your refund directly into your financial account. Direct deposit also avoids the possibility that your check could be lost, stolen, destroyed, or returned undeliverable to the IRS.

Eight in 10 taxpayers use direct deposit to receive their refunds. If you don't have a bank account, go to [IRS.gov/](https://www.irs.gov/)

[DirectDeposit](#) for more information on where to find a bank or credit union that can open an account online.

Reporting and resolving your tax-related identity theft issues.

- Tax-related identity theft happens when someone steals your personal information to commit tax fraud. Your taxes can be affected if your SSN is used to file a fraudulent return or to claim a refund or credit.
- The IRS doesn't initiate contact with taxpayers by email, text messages (including shortened links), telephone calls, or social media channels to request or verify personal or financial information.

This includes requests for personal identification numbers (PINs), passwords, or similar information for credit cards, banks, or other financial accounts.

- Go to [IRS.gov/IdentityTheft](https://www.irs.gov/IdentityTheft), the IRS Identity Theft Central webpage, for information on identity theft and data security protection for taxpayers, tax professionals, and businesses. If your SSN has been lost or stolen or you suspect you're a victim of tax-related identity theft, you can learn what steps you should take.
- Get an Identity Protection PIN (IP PIN). IP PINs are six-digit numbers assigned to taxpayers to help prevent the misuse of their SSNs on fraudulent federal income tax returns. When you have an IP PIN, it prevents someone else from filing a tax return with your SSN. To learn more, go to [IRS.gov/IPPIN](https://www.irs.gov/IPPIN).

Ways to check on the status of your refund.

- Go to [IRS.gov/Refunds](https://www.irs.gov/Refunds).
- Download the official IRS2Go app to your mobile device to check your refund status.
- Call the automated refund hotline at 800-829-1954.



The IRS can't issue refunds before mid-February for returns that claimed the EIC or the additional child tax credit (ACTC). This applies to the entire refund, not just the portion associated with these credits.

Making a tax payment. Payments of U.S. tax must be remitted to the IRS in U.S. dollars. [Digital assets](#) are **not** accepted. Go to [IRS.gov/Payments](https://www.irs.gov/Payments) for information on how to make a payment using any of the following options.

- [IRS Direct Pay](#): Pay your individual tax bill or estimated tax payment directly from your checking or savings account at no cost to you.
- [Debit Card, Credit Card, or Digital Wallet](#): Choose an approved payment processor to pay online or by phone.
- [Electronic Funds Withdrawal](#): Schedule a payment when filing your federal taxes using tax return preparation software or through a tax professional.
- [Electronic Federal Tax Payment System](#): This is the best option for businesses. Enrollment is required.
- [Check or Money Order](#): Mail your payment to the address listed on the notice or instructions.
- [Cash](#): You may be able to pay your taxes with cash at a participating retail store.

- [Same-Day Wire](#): You may be able to do same-day wire from your financial institution. Contact your financial institution for availability, cost, and time frames.

Note. The IRS uses the latest encryption technology to ensure that the electronic payments you make online, by phone, or from a mobile device using the IRS2Go app are safe and secure. Paying electronically is quick, easy, and faster than mailing in a check or money order.

What if I can't pay now? Go to [IRS.gov/Payments](#) for more information about your options.

- Apply for an [online payment agreement](#) ([IRS.gov/ OPA](#)) to meet your tax obligation in monthly installments if you can't pay your taxes in full today. Once you complete the online process, you will receive immediate notification of whether your agreement has been approved.

- Use the [Offer in Compromise Pre-Qualifier](#) to see if you can settle your tax debt for less than the full amount you owe. For more information on the Offer in Compromise program, go to [IRS.gov/OIC](#).

Filing an amended return. Go to [IRS.gov/Form1040X](#) for information and updates.

Checking the status of your amended return. Go to [IRS.gov/WMAR](#) to track the status of Form 1040-X amended returns.



It can take up to 3 weeks from the date you filed your amended return for it to show up in our system, and processing it can take up to 16 weeks.

Understanding an IRS notice or letter you've received. Go to [IRS.gov/Notices](#) to find additional information about responding to an IRS notice or letter.

IRS Document Upload Tool. You may be able use the Document Upload Tool to respond digitally to eligible IRS notices and letters by securely uploading required documents online through IRS.gov. For more information, go to [IRS.gov/DUT](https://irs.gov/DUT).

Schedule LEP. You can use Schedule LEP (Form 1040), Request for Change in Language Preference, to state a preference to receive notices, letters, or other written communications from the IRS in an alternative language. You may not immediately receive written communications in the requested language. The IRS's commitment to LEP taxpayers is part of a multi-year timeline that began providing translations in 2023. You will continue to receive communications, including notices and letters, in English until they are translated to your preferred language.

Contacting your local TAC. Keep in mind, many questions can be answered on IRS.gov without visiting a TAC. Go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp) for the topics people ask about most. If you still need help, TACs provide tax help when a tax issue can't be handled online or by phone. All TACs now provide service by appointment, so you'll know in advance that you can get the service you need without long wait times. Before you visit, go to [IRS.gov/TACLocator](https://www.irs.gov/TACLocator) to find the nearest TAC and to check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on "Local Offices."

Below is a message to you from the Taxpayer Advocate Service, an independent organization established by Congress.

The Taxpayer Advocate Service (TAS) Is Here To Help You

What Is the Taxpayer Advocate Service?

The Taxpayer Advocate Service (TAS) is an independent organization within the Internal Revenue Service (IRS). TAS helps taxpayers resolve problems with the IRS, makes administrative and legislative recommendations to prevent or correct the problems, and protects taxpayer rights. We work to ensure that every taxpayer is treated fairly and that you know and understand your rights under the Taxpayer Bill of Rights. We are Your Voice at the IRS.

How Can TAS Help Me?

TAS can help you resolve problems that you haven't been able to resolve with the IRS on your own. Always try to resolve your problem with the IRS first, but if you can't, then come to TAS. Our services are free.

- TAS helps all taxpayers (and their representatives), including individuals, businesses, and exempt organizations. You may be eligible for TAS help if your IRS problem is causing financial difficulty, if you've tried and been unable to resolve your issue with the IRS, or if you believe an IRS system, process, or procedure just isn't working as it should.
- To get help any time with general tax topics, visit www.TaxpayerAdvocate.IRS.gov. The site can help you with common tax issues and situations, such as what to do if you make a mistake on your return or if you get a notice from the IRS.
- TAS works to resolve large-scale (systemic) problems that affect many taxpayers. You can report systemic issues at www.IRS.gov/SAMS. (Be sure not to include any personal identifiable information.)

How Do I Contact TAS?

TAS has offices in every state, the District of Columbia, and Puerto Rico. To find your local advocate's number:

- Go to www.TaxpayerAdvocate.IRS.gov/Contact-Us,
- Check your local directory, or
- Call TAS toll free at 877-777-4778.

What Are My Rights as a Taxpayer?

The Taxpayer Bill of Rights describes ten basic rights that all taxpayers have when dealing with the IRS. Go to www.TaxpayerAdvocate.IRS.gov/Taxpayer-Rights for more information about the rights, what they mean to you, and how they apply to specific situations you may encounter with the IRS. TAS strives to protect taxpayer rights and ensure the IRS is administering the tax law in a fair and equitable way.

Appendices

Appendices A-1 through A-7 show the lease inclusion amounts that you may need to report if you first leased a passenger automobile (including a truck and van) in 2018 through 2024 for 30 days or more.

If any of these apply to you, use the appendix for the year you first leased the car. (See *Leasing a Car* in chapter 4.)

Appendix A-1. Inclusion Amounts for Passenger Automobiles First Leased in 2018

Fair Market Value		Tax Year of Lease ¹				
Over	Not Over	1st	2nd	3rd	4th	5th and Later
\$50,000	\$51,000	\$1	\$3	\$5	\$5	\$6
51,000	52,000	4	9	13	16	19
52,000	53,000	7	15	22	27	31
53,000	54,000	10	21	31	37	44
54,000	55,000	12	27	40	48	56
55,000	56,000	15	33	49	59	68
56,000	57,000	18	39	58	69	81
57,000	58,000	20	45	67	80	93
58,000	59,000	23	51	76	91	105
59,000	60,000	26	57	85	101	117
60,000	62,000	30	66	98	118	135
62,000	64,000	36	78	116	139	160
64,000	66,000	41	90	134	160	185
66,000	68,000	46	102	152	181	210
68,000	70,000	52	114	169	203	235
70,000	72,000	57	126	187	225	259
72,000	74,000	63	138	205	246	284
74,000	76,000	68	150	223	267	309
76,000	78,000	74	162	241	288	333
78,000	80,000	79	174	259	310	357
80,000	85,000	89	195	290	347	401
85,000	90,000	102	225	335	400	463
90,000	95,000	116	255	379	454	525
95,000	100,000 ²	130	285	423	508	586

¹ For the last tax year of the lease, use the dollar amount for the preceding year.

² If the fair market value of the vehicle is more than \$100,000, see Revenue Procedure 2018-25 (2018-18 I.R.B. 543), available at [IRS.gov/pub/irs-drop/rp-18-25.pdf](https://www.irs.gov/pub/irs-drop/rp-18-25.pdf).

Appendix A-2. Inclusion Amounts for Passenger Automobiles First Leased in 2019

Fair Market Value		Tax Year of Lease ¹				
Over	Not Over	1st	2nd	3rd	4th	5th and Later
\$50,000	\$51,000	\$0	\$1	\$1	\$3	\$3
51,000	52,000	4	11	15	20	23
52,000	53,000	9	20	30	36	43
53,000	54,000	13	30	44	53	63
54,000	55,000	17	40	58	70	83
55,000	56,000	22	49	72	88	102
56,000	57,000	26	59	86	105	122
57,000	58,000	31	68	101	122	142
58,000	59,000	35	78	115	139	161
59,000	60,000	39	88	129	156	181
60,000	62,000	46	102	151	181	211
62,000	64,000	55	121	179	216	250
64,000	66,000	63	140	208	251	289
66,000	68,000	72	160	236	284	329
68,000	70,000	81	179	265	318	369
70,000	72,000	90	198	293	353	408
72,000	74,000	98	217	322	387	448
74,000	76,000	107	236	351	421	487
76,000	78,000	116	255	379	456	526
78,000	80,000	125	275	407	489	567
80,000	85,000	140	308	458	549	635
85,000	90,000	162	356	529	635	734
90,000	95,000	184	404	600	720	833
95,000	100,000 ²	206	452	671	806	931

¹ For the last tax year of the lease, use the dollar amount for the preceding year.

² If the fair market value of the vehicle is more than \$100,000, see Revenue Procedure 2019-26 (2019-24 I.R.B. 1323), available at [IRS.gov/pub/irs-drop/rp-19-26.pdf](https://www.irs.gov/pub/irs-drop/rp-19-26.pdf).

Appendix A-3. Inclusion Amounts for Passenger Automobiles First Leased in 2020

Fair Market Value		Tax Year of Lease ¹				
Over	Not Over	1st	2nd	3rd	4th	5th and Later
\$50,000	\$51,000	\$0	\$1	\$0	\$2	\$2
51,000	52,000	2	6	9	10	13
52,000	53,000	5	11	17	20	24
53,000	54,000	7	17	24	30	35
54,000	55,000	10	22	32	39	46
55,000	56,000	12	27	41	48	57
56,000	57,000	15	32	49	58	68
57,000	58,000	17	38	56	68	79
58,000	59,000	19	44	64	77	90
59,000	60,000	22	49	72	87	100
60,000	62,000	26	56	84	102	117
62,000	64,000	30	68	99	121	139
64,000	66,000	35	78	116	139	161
66,000	68,000	40	89	131	159	183
68,000	70,000	45	99	148	177	205
70,000	72,000	50	110	163	197	227
72,000	74,000	55	121	179	215	249
74,000	76,000	60	131	195	235	271
76,000	78,000	64	142	211	254	293
78,000	80,000	69	153	227	272	315
80,000	85,000	78	172	254	306	353
85,000	90,000	90	198	295	353	408
90,000	95,000	102	225	334	401	463
95,000	100,000 ²	114	252	373	449	518

¹ For the last tax year of the lease, use the dollar amount for the preceding year.

² If the fair market value of the vehicle is more than \$100,000, see Revenue Procedure 2020-37 (2020-33 I.R.B. 381), available at [IRS.gov/pub/irs-drop/rp-20-37.pdf](https://www.irs.gov/pub/irs-drop/rp-20-37.pdf).

Appendix A-4. Inclusion Amounts for Passenger Automobiles First Leased in 2021

Fair Market Value		Tax Year of Lease ¹				
Over	Not Over	1st	2nd	3rd	4th	5th and Later
\$51,000	\$52,000	\$0	\$0	\$1	\$0	\$1
52,000	53,000	1	1	1	2	2
53,000	54,000	1	2	2	3	4
54,000	55,000	1	3	3	5	5
55,000	56,000	2	3	5	6	6
56,000	57,000	2	4	6	7	8
57,000	58,000	2	5	7	8	10
58,000	59,000	3	5	8	10	11
59,000	60,000	3	6	9	11	13
60,000	62,000	3	7	11	13	15
62,000	64,000	4	9	13	15	18
64,000	66,000	5	10	15	18	21
66,000	68,000	5	12	17	21	24
68,000	70,000	6	13	20	23	27
70,000	72,000	7	14	22	26	30
72,000	74,000	7	16	24	29	33
74,000	76,000	8	18	26	31	36
76,000	78,000	9	19	28	34	39
78,000	80,000	9	21	30	37	42
80,000	85,000	11	23	34	41	48
85,000	90,000	12	27	40	47	55
90,000	95,000	14	30	45	55	62
95,000	100,000 ²	16	34	50	61	70

¹ For the last tax year of the lease, use the dollar amount for the preceding year.

² If the fair market value of the vehicle is more than \$100,000, see Revenue Procedure 2021-31 (2021-34 I.R.B. 324), available at [IRS.gov/pub/irs-drop/rp-21-31.pdf](https://www.irs.gov/pub/irs-drop/rp-21-31.pdf).

Appendix A-5. Inclusion Amounts for Passenger Automobiles First Leased in 2022

Fair Market Value		Tax Year of Lease ¹				
Over	Not Over	1st	2nd	3rd	4th	5th and Later
\$56,000	\$57,000	\$1	\$1	\$1	\$2	\$2
57,000	58,000	2	4	5	7	7
58,000	59,000	3	7	9	11	13
59,000	60,000	4	9	14	16	19
60,000	62,000	6	13	20	23	28
62,000	64,000	9	19	27	34	38
64,000	66,000	11	24	36	43	50
66,000	68,000	14	30	43	53	61
68,000	70,000	16	35	52	63	72
70,000	72,000	19	40	61	72	83
72,000	74,000	21	46	68	82	95
74,000	76,000	24	51	77	91	106
76,000	78,000	26	57	85	101	117
78,000	80,000	29	62	93	111	128
80,000	85,000	33	72	107	128	148
85,000	90,000	39	86	127	152	176
90,000	95,000	45	100	147	177	204
95,000	100,000 ²	52	113	167	201	233
¹ For the last tax year of the lease, use the dollar amount for the preceding year. ² If the fair market value of the vehicle is more than \$100,000, see Revenue Procedure 2022-17 (2022-13 I.R.B. 930), available at IRS.gov/pub/irs-drop/rp-22-17.pdf .						

Appendix A-6. Inclusion Amounts for Passenger Automobiles First Leased in 2023

Fair Market Value		Tax Year of Lease ¹				
Over	Not Over	1st	2nd	3rd	4th	5th and Later
\$60,000	\$62,000	\$0	\$0	\$1	\$3	\$5
62,000	64,000	13	29	43	54	63
64,000	66,000	26	57	86	104	122
66,000	68,000	39	86	128	154	181
68,000	70,000	52	114	170	206	239
70,000	72,000	65	143	212	256	297
72,000	74,000	78	171	255	306	356
74,000	76,000	91	200	296	358	414
76,000	78,000	104	228	339	408	473
78,000	80,000	117	257	381	459	531
80,000	85,000	140	306	455	548	634
85,000	90,000	172	378	560	674	780
90,000	95,000	204	449	666	801	926
95,000	100,000 ²	237	520	772	927	1,073

¹ For the last tax year of the lease, use the dollar amount for the preceding year.

² If the fair market value of the vehicle is more than \$100,000, see Revenue Procedure 2023-14 (2023-6 I.R.B. 466), available at [IRS.gov/pub/irs-drop/rp-23-14.pdf](https://www.irs.gov/pub/irs-drop/rp-23-14.pdf).

Appendix A-7. Inclusion Amounts for Passenger Automobiles First Leased in 2024

Fair Market Value		Tax Year of Lease ¹				
Over	Not Over	1st	2nd	3rd	4th	5th and Later
\$62,000	\$64,000	\$7	\$16	\$24	\$28	\$32
64,000	66,000	21	47	69	82	94
66,000	68,000	35	77	114	136	157
68,000	70,000	49	107	159	191	219
70,000	72,000	62	138	204	245	281
72,000	74,000	76	168	250	298	344
74,000	76,000	90	199	294	353	406
76,000	78,000	104	229	340	406	469
78,000	80,000	118	259	385	461	531
80,000	85,000	142	313	463	556	640
85,000	90,000	177	388	577	690	797
90,000	95,000	211	465	689	826	952
95,000	100,000 ²	246	541	802	961	1,108

¹ For the last tax year of the lease, use the dollar amount for the preceding year.

² If the fair market value of the vehicle is more than \$100,000, see Revenue Procedure 2024-13 (2023-6 I.R.B. 466), available at [IRS.gov/pub/irs-drop/rp-23-14.pdf](https://www.irs.gov/pub/irs-drop/rp-23-14.pdf).

Index

To help us develop a more useful index, please let us know if you have ideas for index entries. See "Comments and Suggestions" in the "Introduction" for the ways you can reach us.

"Hours of service" limits 17

Form 2106 50

50% limit on meals 7

A

Accountable plans 42-46

Accounting to employer 42

Adequate accounting 43

Independent contractors 47

Adequate records 36

Advertising:

Car display 20

Expenses 17

Signs, display racks, or other promotional material to be used on recipient's business premises 18

Airline clubs 15

Allocating costs 6, 38

Allowance (See Reimbursements)

Armed forces:

Assigned overseas 4

Assistance (See Tax help)

Athletic clubs 15

B

Basis of car 26

(See *also* Depreciation of car)

Bona fide business purpose 7

Business travel 9

Outside U.S. 10

Business use of car 22

More-than-50%-use test. 26

Qualified business use 26

C

Canceled checks:

As evidence of business expenses 36

Car expenses 21-35

Actual expenses 22

Allowances for 43-46

Business and personal use 22

Combining expenses 38

Disposition of car 35

Fixed and variable rate (FAVR) allowance 45

Form 2106 49

Leasing a car, truck, or van 33-35

Mileage rate (See Standard mileage rate)

Taxes paid on car 23

Traffic tickets 23

Car pools 20

Car rentals 35

Form 2106 49

Car, defined 23

Car, truck, or van rentals 33-35

Casualty and theft losses:

Cars 23

Depreciation 35

Club dues 15

Commuting expenses 20

Conventions 13

Country clubs 15

Cruise ships 13

D

**Daily business mileage and expense log
(Table 5-2) 39**

Depreciation of car 23

(See *also* Section 179 deductions) Adjustment
for using standard mileage rate 35

Basis 26

Sales taxes 23

Unrecovered basis 31

Casualty or theft, effect 35

Deduction 23, 36

Excess depreciation 33

Modified Accelerated Cost

Recovery System (MACRS) 28

Trade-in, effect 27, 35

Trucks and vans 30

Depreciation of Car:

Section 179 deduction 30

Disabled employees:

Impairment-related work expenses 51

Documentary evidence 36

E

Employer-provided 22

Employer-provided vehicles:

Reporting requirements 41

Entertainment expenses 18

50% limit:

Determination of applicability (Figure A) 16

Entertainment, defined 14

Form 2106 50

Estimates of expenses 36

Exceptions to the 50% Limit 17

Excess reimbursements

(See Reimbursements)

F

Fair market value of car 34

Farmers:

Form 1040, Schedule F 41

Federal crime investigations or prosecutions:

Federal employees engaged in 5

Federal rate for per diem 8, 44

Fee-basis officials 51

Fees you pay 20

Fixed and variable rate (FAVR) allowance 45

Form 1040, Schedule C 41

Form 1040, Schedule F 41

Form 2106 24, 41, 42, 47, 48

Form 4562 41

Form 4797 33

Form W-2:

Employer-provided vehicles 42

Reimbursement of personal expenses 41

Statutory employees 41

G

Gifts 15, 17

\$25 limit 18

Combining for recordkeeping purposes 38

Reporting requirements 41

Golf clubs 15

H

Hauling tools 20

High-low method:

Introduction 48

Transition rules 48

High-low rate method 44

Home office 20

Hotel clubs 15

I

Impairment-related work expenses 51

Incidental expenses:

Defined 8

Gifts 18

No meals, incidentals only 8

Income-producing property 41

Incomplete records 37

Indefinite job assignment 5

Independent contractors 47

Interest on car loans 23

Itinerants 4

L

Leasing a car, truck, or van 33-35

Luxury water travel 12

M

MACRS (Modified Accelerated Cost Recovery System) 28

2023 chart (Table 4-1) 32

Main place of business or work 4

Married taxpayers:

Performing artists 51

Meal expenses 7

50% limit 16

Determination of applicability

(Figure A) 16 Exceptions 17

Actual cost method 7

Form 2106 50

Major cities with higher allowances 8

Standard meal allowance 7, 8, 44

Meals and Entertainment expenses 14

Mileage rate (See Standard mileage rate)

Military (See Armed forces)

Missing children, photographs of 2

Modified Accelerated Cost

Recovery System (MACRS) 28

2023 chart (Table 4-1) 32

N

Nonaccountable plans 46

O

Office in the home 20

Officials paid on fee basis 51

Overseas travel:

Conventions 13

Meal allowance 8

Part of trip outside U.S. 9

P

Parking fees 20, 22

Per diem allowances 43-46

Defined 42

Federal rate for 44

Per diem rates:

High-cost localities 48

High-low method 48

Regular federal method 48

Standard rate for unlisted localities 48

Transition rules 48

Performing artists 51

Personal property taxes 22, 23

Personal trips 9

Outside U.S. 12

Placed in service, cars 26

Probationary work period 6

Proving business purpose 37

Public transportation:

Outside of U.S. travel 9

Publications (See Tax help)

R

Recordkeeping requirements 36-39

Adequate records 36

Daily business mileage and expense log
(Table 5-2) 39

Destroyed records 37

How to prove expenses (Table 5-1) 38

Incomplete records 37

Reimbursed expenses 39

Sampling to prove expenses 37

Separating and combining expenses 38

Three-year period of retention 38

Weekly traveling expense record

(Table 5-3) 40

Regular federal method:

Introduction 48

Transition rules 48

Reimbursements 42-47

Accountable plans 42

Excess 46, 47

Form 2106 50

Nonaccountable plans 46

Nondeductible expenses 43

Personal expenses 41

Recordkeeping 39

Reporting (Table 6-1) 49

Unclaimed 41

Reporting requirements 41

Per diem or car allowance 45

Reimbursements 42-47

Reservists:

Transportation expenses 20

Traveling more than 100 miles from home 50

Returning excess reimbursements 46

S

Section 179 deduction:

Amended return 25

Deduction 23

Limits 24

Self-employed persons 17

Reporting requirements 41

Spouse, expenses for 6

Standard meal allowance 7, 8, 44

Standard mileage rate 2, 21, 45

Depreciation adjustment for using 35

Form 2106 49

Statutory employees 41

T

Tables and figures:

50% limit determination (Figure A) 16

Daily business mileage and expense log
(Table 5-2) 39

Maximum depreciation deduction for cars
placed in service prior to 2018 table 30

Maximum depreciation deduction for
Passenger Automobiles (Including Trucks and
Vans) acquired after September 27, 2017,
and placed in service during 2018 or later 29

Maximum depreciation deduction for
Passenger Automobiles (Including Trucks and
Vans) acquired before September 28, 2017,
and placed in service during 2018–2023 29

Modified Accelerated Cost Recovery System
(MACRS) 2023 chart (Table 4-1) 32

Proving expenses (Table 5-1) 38

Reporting reimbursements (Table 6-1) 49

Transportation expenses, determination of
deductibility (Figure B) 18, 19

Travel expenses, determination of
deductibility (Table 1-1) 7

Weekly traveling expense record
(Table 5-3) 40

Tax help 52

Tax home, determination of 4

Temporary job assignments 5

Temporary work location 19

Tickets: Traffic violations 23

Tools:

Hauling tools 20

Trade-in of car 27, 35

Traffic tickets 23

Transients 4

Transition rules 48 Example:

High-low method 48

High-low method 48

Regular federal method 48

Transportation expenses 18

Car expenses 21-35

Deductible (Figure B) 18, 19

five or more cars 22

Form 2106 49

Transportation workers 8, 17

Travel advance 42, 46

(See *also* Reimbursements)

Travel expenses 3-14

Another individual accompanying taxpayer 6

Away from home 3-5

Deductible 6, 14

Summary of (Table 1-1) 7

Defined 3

Going home on days off 6

In U.S. 9

Lodging 8

Luxury water travel 12

Outside U.S. 10

Travel to family home 5

Trucks and vans:

Depreciation 30

Transportation workers 17

Transportation workers' expenses 8

Two places of work 20

U

Unclaimed reimbursements 41

Unions:

Trips from union hall to place of work 20

Unrecovered basis of car 31

V

Volunteers 3

W

Weekly traveling expense record

(Table 5-3) 40