
13.

Business Deduction for Work-Related Education

What's New

Standard mileage rate. Generally, if you claim a business deduction for work-related education and you drive your car to and from school, the amount you can deduct for miles driven during 2009 is 55 cents per mile. This is down from 58½ cents per mile at the end of 2008. For more information, see [Transportation Expenses](#) under *What Expenses Can Be Deducted*.

Limit on itemized deductions. If your adjusted gross income for 2009 is more than \$166,800 (\$83,400 if you are married filing separately), your itemized deductions may be limited. See [Employees](#) under *Deducting Business Expenses*, and the instructions for Schedule A (Form 1040), line 29, or Schedule A (Form 1040NR), line 17.

Introduction

This chapter discusses work-related education expenses that you may be able to deduct as business expenses.

To claim such a deduction, you must:

- Be working,
- Itemize your deductions on Schedule A (Form 1040 or 1040NR) if you are an employee,
- File Schedule C (Form 1040), Schedule C-EZ (Form 1040), or Schedule F (Form 1040) if you are self-employed, and
- Have expenses for education that meet the requirements discussed under [Qualifying Work-Related Education](#) (beginning on this page).

What is the tax benefit of taking a business deduction for work-related education. If you are an employee and can itemize your deductions, you may be able to claim a deduction for the expenses you pay for your work-related education. Your deduction will be the amount by which your qualifying work-related education expenses plus other job and certain miscellaneous expenses is greater than 2% of your adjusted gross income. An itemized deduction reduces the amount of your income subject to tax.

If you are self-employed, you deduct your expenses for qualifying work-related education directly from your self-employment income. This reduces the amount of your income subject to both income tax and self-employment tax.

Your work-related education expenses may also qualify you for other tax benefits, such as the tuition and fees deduction and the American opportunity, Hope, and lifetime learning credits. You may qualify for these other benefits even if you do not meet the requirements listed above.

Also, keep in mind that your work-related education expenses may qualify you to claim more than one tax benefit. Generally, you may claim any number of benefits as long as you use different expenses to figure each one.

Qualifying Work-Related Education

You can deduct the costs of qualifying work-related education as business expenses. This is education that meets at least one of the following two tests.

- The education is required by your employer or the law to keep your present salary, status, or job. The required education must serve a bona fide business purpose of your employer.
- The education maintains or improves skills needed in your present work.

However, even if the education meets one or both of the above tests, it is not qualifying work-related education if it:

- Is needed to meet the minimum educational requirements of your present trade or business, or
- Is part of a program of study that will qualify you for a new trade or business.

You can deduct the costs of qualifying work-related education as a business expense even if the education could lead to a degree.

Use [Figure 13-1](#) (see next page) as a quick check to see if your education qualifies.

Education Required by Employer or by Law

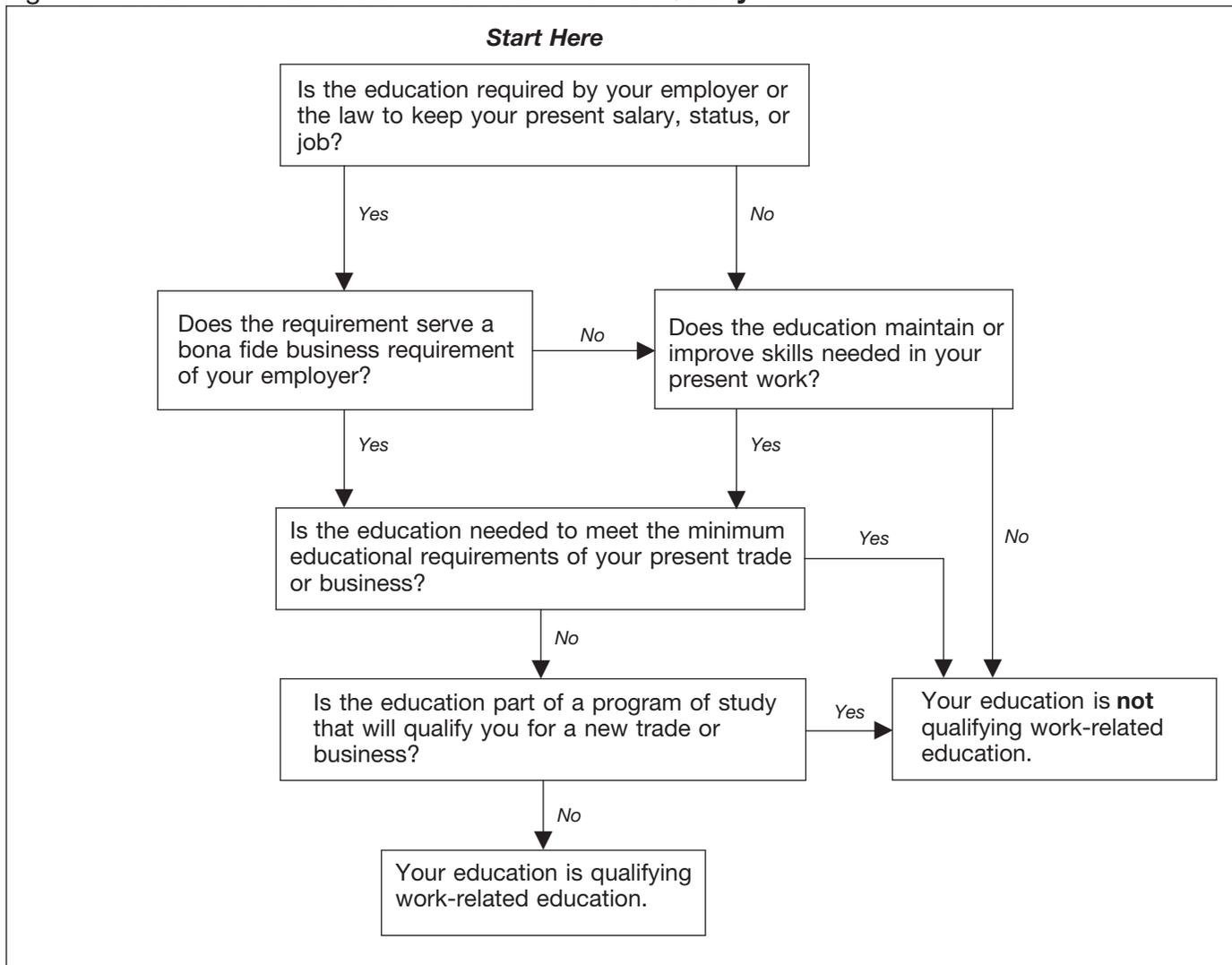
Once you have met the minimum educational requirements for your job, your employer or the law may require you to get more education. This additional education is qualifying work-related education if all three of the following requirements are met.

- It is required for you to keep your present salary, status, or job,
- The requirement serves a business purpose of your employer, and
- The education is not part of a program that will qualify you for a new trade or business.

When you get more education than your employer or the law requires, the additional education can be qualifying work-related education only if it maintains or improves skills required in your present work. See [Education To Maintain or Improve Skills](#), later.

Example. You are a teacher who has satisfied the minimum requirements for teaching. Your employer requires you to take an additional college course each year to keep your teaching job. If the courses will not qualify you for a new trade or business, they are qualifying work-related education even if you eventually receive a master's degree and an increase in salary because of this extra education.

Figure 13-1. Does Your Work-Related Education Qualify?



Education To Maintain or Improve Skills

If your education is not required by your employer or the law, it can be qualifying work-related education only if it maintains or improves skills needed in your present work. This could include refresher courses, courses on current developments, and academic or vocational courses.

Example. You repair televisions, radios, and stereo systems for XYZ Store. To keep up with the latest changes, you take special courses in radio and stereo service. These courses maintain and improve skills required in your work.

Maintaining skills vs. qualifying for new job. Education to maintain or improve skills needed in your present work is not qualifying education if it will also qualify you for a new trade or business.

Education during temporary absence. If you stop working for a year or less in order to get education to maintain or improve skills needed in your present work and then return to the same general type of work, your absence is considered temporary. Education that you get during a temporary absence is qualifying work-related education if it maintains or improves skills needed in your present work.

Example. You quit your biology research job to become a full-time biology graduate student for 1 year. If you return to work in biology research after completing the courses, the education is related to your present work even if you do not go back to work with the same employer.

Education during indefinite absence. If you stop work for more than a year, your absence from your job is considered indefinite. Education during an indefinite absence, even if it maintains or improves skills needed in the work from which you are absent, is considered to qualify you for a new trade or business. Therefore, it is not qualifying work-related education.

Education To Meet Minimum Requirements

Education you need to meet the minimum educational requirements for your present trade or business is not qualifying work-related education. The minimum educational requirements are determined by:

- Laws and regulations,
- Standards of your profession, trade, or business, and
- Your employer.

Once you have met the minimum educational requirements that were in effect when you were hired, you do not have to meet any new minimum educational requirements. This means that if the minimum requirements change after you were hired, any education you need to meet the new requirements can be qualifying education.



You have not necessarily met the minimum educational requirements of your trade or business simply because you are already doing the work.

Example 1. You are a full-time engineering student. Although you have not received your degree or certification, you work part time as an engineer for a firm that will employ you as a full-time engineer after you finish college. Although your college engineering courses improve your skills in your present job, they are also needed to meet the minimum job requirements for a full-time engineer. The education is not qualifying work-related education.

Example 2. You are an accountant and you have met the minimum educational requirements of your employer. Your employer later changes the minimum educational requirements and requires you to take college courses to keep your job. These additional courses can be qualifying work-related education because you have already satisfied the minimum requirements that were in effect when you were hired.

Requirements for Teachers

States or school districts usually set the minimum educational requirements for teachers. The requirement is the college degree or the minimum number of college hours usually required of a person hired for that position.

If there are no requirements, you will have met the minimum educational requirements when you become a faculty member. You generally will be considered a faculty member when one or more of the following occurs.

- You have tenure.
- Your years of service count toward obtaining tenure.
- You have a vote in faculty decisions.
- Your school makes contributions for you to a retirement plan other than social security or a similar program.

Example 1. The law in your state requires beginning secondary school teachers to have a bachelor's degree, including 10 professional education courses. In addition, to keep the job a teacher must complete a fifth year of training within 10 years from the date of hire. If the employing school certifies to the state Department of Education that qualified teachers cannot be found, the school can hire persons with only 3 years of college. However, to keep their jobs, these teachers must get a bachelor's degree and the required professional education courses within 3 years.

Under these facts, the bachelor's degree, whether or not it includes the 10 professional education courses, is considered the minimum educational requirement for qualification as a teacher in your state.

If you have all the required education except the fifth year, you have met the minimum educational requirements. The fifth year of training is qualifying work-related

education unless it is part of a program of study that will qualify you for a new trade or business.

Example 2. Assume the same facts as in [Example 1](#) except that you have a bachelor's degree and only six professional education courses. The additional four education courses can be qualifying work-related education. Although you do not have all the required courses, you have already met the minimum educational requirements.

Example 3. Assume the same facts as in [Example 1](#) except that you are hired with only 3 years of college. The courses you take that lead to a bachelor's degree (including those in education) are not qualifying work-related education. They are needed to meet the minimum educational requirements for employment as a teacher.

Example 4. You have a bachelor's degree and you work as a temporary instructor at a university. At the same time, you take graduate courses toward an advanced degree. The rules of the university state that you can become a faculty member only if you get a graduate degree. Also, you can keep your job as an instructor only as long as you show satisfactory progress toward getting this degree. You have not met the minimum educational requirements to qualify you as a faculty member. The graduate courses are not qualifying work-related education.

Certification in a new state. Once you have met the minimum educational requirements for teachers for your state, you are considered to have met the minimum educational requirements in all states. This is true even if you must get additional education to be certified in another state. Any additional education you need is qualifying work-related education. You have already met the minimum requirements for teaching. Teaching in another state is not a new trade or business.

Example. You hold a permanent teaching certificate in State A and are employed as a teacher in that state for several years. You move to State B and are promptly hired as a teacher. You are required, however, to complete certain prescribed courses to get a permanent teaching certificate in State B. These additional courses are qualifying work-related education because the teaching position in State B involves the same general kind of work for which you were qualified in State A.

Education That Qualifies You for a New Trade or Business

Education that is part of a program of study that will qualify you for a new trade or business is not qualifying work-related education. This is true even if you do not plan to enter that trade or business.

If you are an employee, a change of duties that involves the same general kind of work is not a new trade or business.

Example 1. You are an accountant. Your employer requires you to get a law degree at your own expense. You register at a law school for the regular curriculum that leads to a law degree. Even if you do not intend to become a lawyer, the education is not qualifying because the law degree will qualify you for a new trade or business.

Example 2. You are a general practitioner of medicine. You take a 2-week course to review developments in

several specialized fields of medicine. The course does not qualify you for a new profession. It is qualifying work-related education because it maintains or improves skills required in your present profession.

Example 3. While working in the private practice of psychiatry, you enter a program to study and train at an accredited psychoanalytic institute. The program will lead to qualifying you to practice psychoanalysis. The psychoanalytic training does not qualify you for a new profession. It is qualifying work-related education because it maintains or improves skills required in your present profession.

Bar or CPA Review Course

Review courses to prepare for the bar examination or the certified public accountant (CPA) examination are not qualifying work-related education. They are part of a program of study that can qualify you for a new profession.

Teaching and Related Duties

All teaching and related duties are considered the same general kind of work. A change in duties in any of the following ways is not considered a change to a new business.

- Elementary school teacher to secondary school teacher.
- Teacher of one subject, such as biology, to teacher of another subject, such as art.
- Classroom teacher to guidance counselor.
- Classroom teacher to school administrator.

What Expenses Can Be Deducted

If your education meets the requirements described earlier under [Qualifying Work-Related Education](#) you can generally deduct your education expenses as business expenses. If you are not self-employed, you can deduct business expenses only if you itemize your deductions.

You cannot deduct expenses related to tax-exempt and excluded income.

Deductible expenses. The following education expenses can be deducted.

- Tuition, books, supplies, lab fees, and similar items.
- Certain transportation and travel costs.
- Other education expenses, such as costs of research and typing when writing a paper as part of an educational program.

Nondeductible expenses. You cannot deduct personal or capital expenses. For example, you cannot deduct the dollar value of vacation time or annual leave you take to attend classes. This amount is a personal expense.

Unclaimed reimbursement. If you do not claim reimbursement that you are entitled to receive from your employer, you cannot deduct the expenses that apply to the reimbursement.

Example. Your employer agrees to pay your education expenses if you file a voucher showing your expenses. You do not file a voucher and you do not get reimbursed. Because you did not file a voucher, you cannot deduct the expenses on your tax return.

Transportation Expenses

If your education qualifies, you can deduct local transportation costs of going directly from work to school. If you are regularly employed and go to school on a temporary basis, you can also deduct the costs of returning from school to home.

Temporary basis. You go to school on a temporary basis if either of the following situations applies to you.

1. Your attendance at school is realistically expected to last 1 year or less and does indeed last for 1 year or less.
2. Initially, your attendance at school is realistically expected to last 1 year or less, but at a later date your attendance is reasonably expected to last more than 1 year. Your attendance is temporary up to the date you determine it will last more than 1 year.

If you are in either situation (1) or (2) above, your attendance is not temporary if facts and circumstances indicate otherwise.

Attendance not on a temporary basis. You do not go to school on a temporary basis if either of the following situations apply to you.

1. Your attendance at school is realistically expected to last more than 1 year. It does not matter how long you actually attend.
2. Initially, your attendance at school is realistically expected to last 1 year or less, but at a later date your attendance is reasonably expected to last more than 1 year. Your attendance is not temporary after the date you determine it will last more than 1 year.

Deductible Transportation Expenses

If you are regularly employed and go directly from home to school on a temporary basis, you can deduct the round-trip costs of transportation between your home and school. This is true regardless of the location of the school, the distance traveled, or whether you attend school on non-work days.

Transportation expenses include the actual costs of bus, subway, cab, or other fares, as well as the costs of using your car. Transportation expenses do not include amounts spent for travel, meals, or lodging while you are away from home overnight.

Example 1. You regularly work in a nearby town, and go directly from work to home. You also attend school every work night for 3 months to take a course that improves your job skills. Since you are attending school on a temporary basis, you can deduct your daily round-trip transportation expenses in going between home and school. This is true regardless of the distance traveled.

Example 2. Assume the same facts as in [Example 1](#) except that on certain nights you go directly from work to school and then home. You can deduct your transportation

expenses from your regular work site to school and then home.

Example 3. Assume the same facts as in [Example 1](#) except that you attend the school for 9 months on Saturdays, nonwork days. Since you are attending school on a temporary basis, you can deduct your round-trip transportation expenses in going between home and school.

Example 4. Assume the same facts as in [Example 1](#) except that you attend classes twice a week for 15 months. Since your attendance in school is not considered temporary, you cannot deduct your transportation expenses in going between home and school. If you go directly from work to school, you can deduct the one-way transportation expenses of going from work to school. If you go from work to home to school and return home, your transportation expenses cannot be more than if you had gone directly from work to school.

Using your car. If you use your car (whether you own or lease it) for transportation to school, you can deduct your actual expenses or use the standard mileage rate to figure the amount you can deduct. The standard mileage rate for miles driven during 2009 is 55 cents per mile. Whichever method you use, you can also deduct parking fees and tolls. See Publication 463, chapter 4, for information on deducting your actual expenses of using a car.

Travel Expenses

You can deduct expenses for travel, meals (see [50% limit on meals](#) on this page), and lodging if you travel overnight mainly to obtain qualifying work-related education.

Travel expenses for qualifying work-related education are treated the same as travel expenses for other employee business purposes. For more information, see chapter 1 of Publication 463.



You cannot deduct expenses for personal activities such as sightseeing, visiting, or entertaining.

Mainly personal travel. If your travel away from home is mainly personal, you cannot deduct all of your expenses for travel, meals, and lodging. You can deduct only your expenses for lodging and 50% of your expenses for meals during the time you attend the qualified educational activities.

Whether a trip's purpose is mainly personal or educational depends upon the facts and circumstances. An important factor is the comparison of time spent on personal activities with time spent on educational activities. If you spend more time on personal activities, the trip is considered mainly educational only if you can show a substantial nonpersonal reason for traveling to a particular location.

Example 1. John works in Newark, New Jersey. He traveled to Chicago to take a deductible 1-week course at the request of his employer. His main reason for going to Chicago was to take the course.

While there, he took a sightseeing trip, entertained some friends, and took a side trip to Pleasantville for a day.

Since the trip was mainly for business, John can deduct his round-trip airfare to Chicago. He cannot deduct his

transportation expenses of going to Pleasantville. He can deduct only the meals (subject to the 50% limit) and lodging connected with his educational activities.

Example 2. Sue works in Boston. She went to a university in Michigan to take a course for work. The course is qualifying work-related education.

She took one course, which is one-fourth of a full course load of study. She spent the rest of the time on personal activities. Her reasons for taking the course in Michigan were all personal.

Sue's trip is mainly personal because three-fourths of her time is considered personal time. She cannot deduct the cost of her round-trip train ticket to Michigan. She can deduct one-fourth of the meals (subject to the 50% limit) and lodging costs for the time she attended the university.

Example 3. Dave works in Nashville and recently traveled to California to take a 2-week seminar. The seminar is qualifying work-related education.

While there, he spent an extra 8 weeks on personal activities. The facts, including the extra 8-week stay, show that his main purpose was to take a vacation.

Dave cannot deduct his round-trip airfare or his meals and lodging for the 8 weeks. He can deduct only his expenses for meals (subject to the 50% limit) and lodging for the 2 weeks he attended the seminar.

Cruises and conventions. Certain cruises and conventions offer seminars or courses as part of their itinerary. Even if the seminars or courses are work related, your deduction for travel may be limited. This applies to:

- Travel by ocean liner, cruise ship, or other form of luxury water transportation, and
- Conventions outside the North American area.

For a discussion of the limits on travel expense deductions that apply to cruises and conventions, see *Luxury Water Travel* and *Conventions* in chapter 1 of Publication 463.

50% limit on meals. You can deduct only 50% of the cost of your meals while traveling away from home to obtain qualifying work-related education. If you were reimbursed for the meals, see [How To Treat Reimbursements](#), later.

Employees must use Form 2106 or Form 2106-EZ to apply the 50% limit.

Travel as Education

You cannot deduct the cost of travel as a form of education even if it is directly related to your duties in your work or business.

Example. You are a French language teacher. While on sabbatical leave granted for travel, you traveled through France to improve your knowledge of the French language. You chose your itinerary and most of your activities to improve your French language skills. You cannot deduct your travel expenses as education expenses. This is true even if you spent most of your time learning French by visiting French schools and families, attending movies or plays, and engaging in similar activities.

No Double Benefit Allowed

You cannot do either of the following.

- Deduct work-related education expenses as business expenses if you benefit from these expenses under any other provision of the law, for example, as a tuition and fees deduction.
- Deduct work-related education expenses paid with tax-free scholarship, grant, or employer-provided educational assistance. See *Adjustments to Qualifying Work-Related Education Expenses*, next.

Adjustments to Qualifying Work-Related Education Expenses

If you pay qualifying work-related education expenses with certain tax-free funds, you cannot claim a deduction for those amounts. You must reduce the qualifying expenses by the amount of any tax-free educational assistance you received.

Tax-free educational assistance. This includes:

- The tax-free part of scholarships and fellowships (see [chapter 1](#)),
- Pell grants (see [chapter 1](#)),
- Employer-provided educational assistance (see [chapter 12](#)),
- Veterans' educational assistance (see [chapter 1](#)), and
- Any other nontaxable (tax-free) payments (other than gifts or inheritances) received as educational assistance.

Amounts that do not reduce qualifying work-related education expenses. Do not reduce the qualifying work-related education expenses by amounts paid with funds the student receives as:

- Payment for services, such as wages,
- A loan,
- A gift,
- An inheritance, or
- A withdrawal from the student's personal savings.

Also, do not reduce the qualifying work-related education expenses by any scholarship or fellowship reported as income on the student's return or any scholarship which, by its terms, cannot be applied to qualifying work-related education expenses.

How To Treat Reimbursements

How you treat reimbursements depends on the arrangement you have with your employer.

There are two basic types of reimbursement arrangements—accountable plans and nonaccountable plans. You can tell the type of plan you are reimbursed under by the way the reimbursement is reported on your Form W-2.

Note. The following rules about reimbursement arrangements also apply to expense allowances received from your employer.

Accountable Plans

To be an accountable plan, your employer's reimbursement arrangement must require you to meet all three of the following rules.

- Your expenses must have a business connection—that is, your expenses must be deductible under the rules for qualifying work-related education explained earlier.
- You must adequately account to your employer for your expenses within a reasonable period of time.
- You must return any reimbursement or allowance in excess of the expenses accounted for within a reasonable period of time.

If you are reimbursed under an accountable plan, your employer should not include any reimbursement in your income in box 1 of your Form W-2.



If your employer included reimbursements in box 1 of your Form W-2 and you meet all three rules for accountable plans, ask your employer for a corrected Form W-2.

Accountable plan rules not met. Even though you are reimbursed under an accountable plan, some of your expenses may not meet all three rules for accountable plans. Those expenses that fail to meet the three rules are treated as having been reimbursed under a [nonaccountable plan](#) (discussed later).

Expenses equal reimbursement. Under an accountable plan, if your expenses equal your reimbursement, you do not complete Form 2106 or 2106-EZ. Because your expenses and reimbursements are equal, you do not have a deduction.

Excess expenses. If your expenses are more than your reimbursement, you can deduct your excess expenses. This is discussed later under [Deducting Business Expenses](#).

Allocating your reimbursements for meals. Because your excess meal expenses are subject to the 50% limit, you must figure them separately from your other expenses. If your employer paid you a single amount to cover both meals and other expenses, you must allocate the reimbursement so that you can figure your excess meal expenses separately. Make the allocation as follows.

1. Divide your meal expenses by your total expenses.
2. Multiply your total reimbursement by the result from (1). This is the allocated reimbursement for your meal expenses.
3. Subtract the amount figured in (2) from your total reimbursement. The difference is the allocated reimbursement for your other expenses of qualifying work-related education.

Example. Your employer paid you an expense allowance of \$2,000 under an accountable plan. The allowance was to cover all of your expenses of traveling away from home to take a 2-week training course for work. There was no indication of how much of the reimbursement was for

each type of expense. Your actual expenses equal \$2,500 (\$425 for meals + \$700 lodging + \$150 transportation expenses + \$1,225 for books and tuition).

Using the steps listed above, allocate the reimbursement between the \$425 meal expenses and the \$2,075 other expenses.

1. $\frac{\$425 \text{ meal expenses}}{\$2,500 \text{ total expenses}} = .17$
2. $\$2,000 \text{ (reimbursement)} \times .17 = \$340 \text{ (allocated reimbursement for meal expenses)}$
3. $\$2,000 \text{ (reimbursement)} - \$340 \text{ (meals)} = \$1,660 \text{ (allocated reimbursement for other qualifying work-related education expenses)}$

Your excess meal expenses are \$85 (\$425 – \$340) and your excess other expenses are \$415 (\$2,075 – \$1,660). After you apply the 50% limit to your meals, you have a deduction for work-related education expenses of \$458 ($(\$85 \times 50\%) + \415).

Nonaccountable Plans

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 and report the total in box 1 of your Form W-2.

You can deduct your expenses regardless of whether they are more than, less than, or equal to your reimbursement. This is discussed below under [Deducting Business Expenses](#). An illustrated example of a nonaccountable plan, using Form 2106-EZ, is shown at the end of this chapter.

Reimbursements for nondeductible expenses. Reimbursements you received for nondeductible expenses are treated as paid under a nonaccountable plan. You must include them in your income. For example, you must include in your income reimbursements your employer gave you for expenses of education that:

- You need to meet the minimum educational requirements for your job, or
- Is part of a program of study that can qualify you for a new trade or business.

For more information on accountable and nonaccountable plans, see chapter 6 of Publication 463.

Deducting Business Expenses

Self-employed persons and employees report their business expenses differently.

The following information explains what forms you must use to deduct the cost of your qualifying work-related education as a business expense.

Self-Employed Persons

If you are self-employed, you must report the cost of your qualifying work-related education on the appropriate form used to report your business income and expenses (generally Schedule C, C-EZ, or F). If your education expenses include expenses for a car or truck, travel, or meals, report those expenses the same way you report other business expenses for those items. See the instructions for the form you file for information on how to complete it.

Employees

If you are an employee, you can deduct the cost of qualifying work-related education only if you:

1. Did not receive any reimbursement from your employer,
2. Were reimbursed under a nonaccountable plan (amount is included in box 1 of Form W-2), or
3. Received reimbursement under an accountable plan, but the amount received was less than your expenses.

If either (1) or (2) applies, you can deduct the total qualifying cost. If (3) applies, you can deduct only the qualifying costs that were more than your reimbursement.

In order to deduct the cost of your qualifying work-related education as a business expense, include the amount with your deduction for any other employee business expenses on Schedule A (Form 1040), line 21, or Schedule A (Form 1040NR), line 9. (Special rules for expenses of certain performing artists and fee-basis officials and for impairment-related work expenses are explained later.)

This deduction is subject to the 2%-of-adjusted-gross-income limit that applies to most miscellaneous itemized deductions. A separate limit may apply to your itemized deductions if your adjusted gross income is more than \$166,800 (\$83,400 if you are married filing separately). See the instructions for Schedule A (Form 1040), line 29, or Schedule A (Form 1040NR), line 17.

Form 2106 or 2106-EZ. To figure your deduction for employee business expenses, including qualifying work-related education, you generally must complete Form 2106 or 2106-EZ.

Form not required. Do not complete either Form 2106 or 2106-EZ if:

- All reimbursements, if any, are included in box 1 of your Form W-2, and
- You are not claiming travel, transportation, meal, or entertainment expenses.

If you meet both of these requirements, enter the expenses directly on Schedule A (Form 1040), line 21, or Schedule A (Form 1040NR), line 9. (Special rules for expenses of certain [performing artists and fee-basis officials](#) and for [impairment-related work expenses](#) are explained later.)

Using Form 2106-EZ. This form is shorter and easier to use than Form 2106. Generally, you can use this form if:

- All reimbursements, if any, are included in box 1 of your Form W-2, and
- You are using the standard mileage rate if you are claiming vehicle expenses.

If you do not meet both of these requirements, use Form 2106.

Performing Artists and Fee-Basis Officials

If you are a qualified performing artist, or a state (or local) government official who is paid in whole or in part on a fee basis, you can deduct the cost of your qualifying work-

related education as an adjustment to gross income rather than as an itemized deduction.

Include the cost of your qualifying work-related education with any other employee business expenses on Form 1040, line 24, or Form 1040NR, line 34. You do not have to itemize your deductions on Schedule A (Form 1040 or 1040NR), and, therefore, the deduction is not subject to the 2%-of-adjusted-gross-income limit. You must complete Form 2106 or 2106-EZ to figure your deduction even if you meet the requirements described earlier under [Form not required](#).

For more information on qualified performing artists, see chapter 6 of Publication 463.

Impairment-Related Work Expenses

If you are disabled and have impairment-related work expenses that are necessary for you to be able to get qualifying work-related education, you can deduct these expenses on Schedule A (Form 1040), line 28, or Schedule A (Form 1040NR), line 16. They are not subject to the 2%-of-adjusted-gross-income limit. To deduct these expenses, you must complete Form 2106 or 2106-EZ even if you meet the requirements described earlier under [Form not required](#).

For more information on impairment-related work expenses, see chapter 6 of Publication 463.

Recordkeeping



You must keep records as proof of any deduction claimed on your tax return. Generally, you should keep your records for 3 years from the date of filing the tax return and claiming the deduction.

If you are an employee who is reimbursed for expenses and you give your records and documentation to your employer, you do not have to keep duplicate copies of this information. However, you should keep your records for a 3-year period if:

- You claim deductions for expenses that are more than your reimbursement,
- Your employer does not use adequate accounting procedures to verify expense accounts,
- You are related to your employer, or
- Your expenses are reimbursed under a nonaccountable plan.

Examples of records to keep. If any of the above cases apply to you, you must be able to prove that your expenses are deductible. You should keep adequate records or have sufficient evidence that will support your expenses. Estimates or approximations do not qualify as proof of an expense. Some examples of what can be used to help prove your expenses are:

1. Documents, such as transcripts, course descriptions, catalogs, etc., showing periods of enrollment in educational institutions, principal subjects studied, and descriptions of educational activity.
2. Canceled checks and receipts to verify amounts you spent for:
 - a. Tuition and books,
 - b. Meals and lodging while away from home overnight for educational purposes,
 - c. Travel and transportation, and
 - d. Other education expenses.
3. Statements from your employer explaining whether the education was necessary for you to keep your job, salary, or status; how the education helped maintain or improve skills needed in your job; how much reimbursement you received; and, if you are a teacher, the type of certificate and subjects taught.
4. Complete information about any scholarship or fellowship grants, including amounts you received during the year.

Illustrated Example

Victor Jones teaches math at a private high school in North Carolina. He was selected to attend a 3-week math seminar at a university in California. The seminar will improve his skills in his current job and is qualifying work-related education. He was reimbursed for his expenses under his employer's nonaccountable plan, so his reimbursement of \$2,100 is included in the wages shown in box 1 of his Form W-2. Victor will file Form 1040.

His actual expenses for the seminar are as follows:

Lodging	\$1,050
Meals	526
Airfare	550
Taxi fares	50
Tuition and books	400
Total Expenses	<u>\$2,576</u>

Victor files [Form 2106-EZ](#) with his tax return. He shows his expenses for the seminar in Part I of the form. He enters \$1,650 (\$1,050 + \$550 + \$50) on line 3 to account for his lodging, airfare, and taxi fares. He enters \$400 on line 4 for his tuition and books. On the line provided for total meals and entertainment expenses, Victor enters \$526 for meal expenses. He multiplies that amount by 50% and enters the result, \$263, on line 5. On line 6, Victor totals the amounts from lines 3 through 5. He carries the total, \$2,313, to Schedule A (Form 1040), line 21.

Since he does not claim any vehicle expenses, Victor leaves Part II blank. His filled-in form is shown on the next page.

Unreimbursed Employee Business Expenses

2009

Attachment
Sequence No. **129A**

Department of the Treasury
Internal Revenue Service (99)

▶ **Attach to Form 1040 or Form 1040NR.**

Your name <i>Victor Jones</i>	Occupation in which you incurred expenses <i>Teaching</i>	Social security number <i>123-00-4321</i>
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You Can Use This Form Only if All of the Following Apply.

- You are an employee deducting ordinary and necessary expenses attributable to your job. An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary.
- 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 for this purpose).
- If you are claiming vehicle expense, you are using the standard mileage rate for 2009.

Caution: You can use the standard mileage rate for 2009 **only if:** (a) you owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service, **or** (b) you leased the vehicle and used the standard mileage rate for the portion of the lease period after 1997.

Part I Figure Your Expenses

1 Vehicle expense using the standard mileage rate. Complete Part II and multiply line 8a by 55¢ (.55)	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	1,650	
4 Business expenses not included on lines 1 through 3. Do not include meals and entertainment	4	400	
5 Meals and entertainment expenses: \$ <u>526</u> × 50% (.50). (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses incurred while away from home on business by 80% (.80) instead of 50%. For details, see instructions.)	5	263	
6 Total expenses. Add lines 1 through 5. Enter here and on Schedule A (Form 1040), line 21 (or on Schedule A (Form 1040NR), line 9). (Armed Forces reservists, 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	2,313	

Part II 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 use? (month, day, year) ▶
- 8 Of the total number of miles you drove your vehicle during 2009, enter the number of miles you used your vehicle for:
- a Business b Commuting (see instructions) c Other
- 9 Was your vehicle available for personal use during off-duty hours? Yes No
- 10 Do you (or your spouse) have another vehicle available for personal use? Yes No
- 11a Do you have evidence to support your deduction? Yes No
- b If "Yes," is the evidence written? Yes No