



## TRAVEL RELATED TAX ISSUES

Foundation Medical Staffing (Company) may provide you certain assignment related expenses potentially including reimbursement of your healthcare license cost, a cents-per-mile mileage reimbursement subject to a cap or other transportation costs, a meal & incidental per diem, and Company provided lodging or a lodging stipend. The tax treatment of the mileage, transportation, meal & incidental per diem, and Company provided lodging or lodging stipend is dependent upon your status regarding the following three primary tax rules:

### Tax Home

The attached *Tax Home Representation Worksheet* is provided to assist you in determining whether you have a permanent tax home as generally defined by the IRS in Revenue Ruling 73-529. Because of the critical nature of this determination, including the state income tax treatment, we encourage you to consult with a tax advisor.

The attached *Tax Home Representation Form* must be completed and returned to the Company as soon as possible and each January thereafter. You should retain the *Worksheet* for your tax files.

### One-Year Assignment Limit

If your assignment (including extensions) is expected to last more than one year, tax law dictates that the location of your assignment will be your tax home regardless of your permanent tax home status. Then, any transportation mileage and cost, meal & incidental per diem, and lodging costs or stipends paid to you or on your behalf must be treated as taxable compensation. These travel benefits and costs become taxable as soon as it becomes known the assignment will last longer than one year. That is, once an assignment has been extended to the point where it will lapse over the one-year anniversary date, the travel expenses will become immediately taxable with the execution of that assignment extension, not just on the 366<sup>th</sup> day of the extended contract.

### Commuting

If you are working an assignment within typical commuting distance from your permanent tax home, then any transportation mileage and costs, meal & incidental per diem, and lodging costs or stipends paid to you or on your behalf must be treated as taxable compensation. Commuting is generally referred to as within the worker's metropolitan area or broader rural geographic area. It is generally the common-practice, reasonable daily commute for the area. An undocumented, one-way commuting rule of thumb might be as long as 50 miles or 2 hours in an urban or suburban area and 100 miles or 1-½ hours for a rural area.

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

## Tax Home Representation Form

I have completed the Tax Home Status Determination worksheet and consulted with my tax advisor, as I believe appropriate, and now make the following good faith determination (*please check  the most appropriate box below*):

- A.  I maintain a permanent tax home and the address of that tax home is (mandatory, no PO box, consistent with my W-4):

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I understand that I must make this representation annually each January hereafter. If my permanent tax home changes, I must notify the Company immediately. I also understand that as generally required by state tax law (except for certain states with reciprocity), state income taxes will be withheld from my taxable compensation based upon the state of my assignment. In some cases partial withholding will also be required for my tax home state and for a few states, both state taxes must be fully withheld.

I further understand that this representation does not guarantee my travel-related expenses will be tax-free, as the commuting and one year limitation rules must also be considered for each assignment.

or

- B.  I do **not** maintain a permanent tax home. As such, I understand the IRS considers my tax home the temporary lodging for the temporary assignment.

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

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Print Name

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Social Security Number

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Signature

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Date

## Tax Home Representation Determination Worksheet

This worksheet is provided to assist you in determining whether you have a permanent tax home as defined by the IRS in Revenue Ruling 73-529, and therefore determine the tax status of the travel costs and/or allowances provided you or paid on your behalf while on assignment. Because of the critical nature of this determination, we encourage you to consult with a tax advisor. This worksheet is for your personal use and should not be returned to the Company.

Please check  appropriate boxes below:

YES <input type="checkbox"/> NO <input type="checkbox"/>	1. Do you perform a portion of your business or work in the vicinity of your permanent tax home? <i>Many travelers will not meet this requirement, as they do not have regular work or business in the tax home area.</i>
YES <input type="checkbox"/> NO <input type="checkbox"/>	2. Are you duplicating living expenses (mortgage, rent, utilities, etc.) to maintain the permanent tax home while away from home on assignment? <i>Limited IRS guidance provided, but as a minimum the duplicate expenses to maintain the tax home should equal or exceed \$250 per month.</i>
YES <input type="checkbox"/> NO <input type="checkbox"/>	3. Do you meet one or more of the following criteria regarding your permanent tax home? <ul style="list-style-type: none"> <li>a. Have a member of your family (spouse, child, or parent) residing with you in the permanent tax home? YES <input type="checkbox"/> NO <input type="checkbox"/></li> <li>b. Use the permanent tax home frequently for lodging? <i>Limited IRS guidance provided, but the return home trips should be more than a few times a year and one or more of the trips should be much longer than a long weekend.</i> YES <input type="checkbox"/> NO <input type="checkbox"/></li> <li>c. The permanent tax home represents a historical place of lodging? <i>This means the tax home vicinity is where you grew up, went to college, or have recent and long-term ties to the community.</i> YES <input type="checkbox"/> NO <input type="checkbox"/></li> </ul>

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

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

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

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