



Other Tax Rules to Consider..

One-Year Assignment Limit

If your assignment (including extensions) or previous assignments (even with a different agency) in the same geographic location is expected to last more than one year without a significant break in service from that area, tax law dictates that the location of your assignment will be your tax home regardless of your permanent tax home status. Then, all transportation, meal, and lodging allowances paid to you or paid on your behalf must be treated as taxable compensation to you. These travel allowances 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 the extension, not on the 366th day of the extended contract.

Commuting

If you are working on assignment within typical commuting distance from your permanent tax home, transportation, lodging, and meal allowances will not be provided. Commuting is generally referred to as within the worker's metropolitan area or broader rural geographical 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. If you are returning home more than occasionally during the work week, that would be a strong indicator that the assignment is within commuting distance.

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 and independent tax advisor.