

# Doron F. Eghbali Business Law Blog on Lawyers.com

## [How to Deduct Your Commuting Expenses From Your Taxes](#)

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When it comes to tax deductions, nearly every penny counts. Given the economic situation and persistent unemployment, a relatively large number of people work at home and meet their clients or customers outside their homes. These people would be happy to hear, they are the best candidates to deduct their commuting expenses between home and work.

### PRINCIPAL PLACE OF BUSINESS

Unfortunately, people who work outside their homes - generally - cannot deduct commuting expenses. To be able to deduct commuting expenses, your home office **MUST QUALIFY** as your principal place of business.

#### 1. Definition of Principal Place of Business

- **Home Office Used Regularly and Exclusively for Your Business:** This requirement means your home office was used as the only place for MOST of income-earning activities in the past year. This exclusive use **MUST** also be regular. Generally, you cannot have used your home office once a week or a month for income-earning activities, although there could be exceptions.
- **Alternatively, Home Office Used Exclusively and Regularly for Management and Administrative Functions:** This means you did not use anywhere else for doing management and administrative functions on a regular basis in the past year. However, you could have used another office only for meeting your clients while doing all the management and administrative functions at your home office.
- **Examples of Management and Administrative Functions:** Examples of management and administrative functions could be: Preparing client Proposals and Invoices, Strategic Planning, Market Research, Keeping Yourself Abreast of Professional Literature and etc.

### EXAMPLES OF DEDUCTIBLE COMMUTING EXPENSES

**1. Deductions between Home Office and Another Office for Only Meeting Clients:** Let us say you have another office somewhere else that you use for only meeting clients but you do all your research, preparation and planning at your home office *regularly and exclusively*. Then, you are entitled to *deducting all your commuting costs* between your home office and the other office you use for just meeting clients. For mileage rates in 2009 and 2010, refer to the bottom of this page for my previous posting.

**2. Deductions between Home Office and Bank, Post Office, Office Supply Store, Starbucks to Meet Your Clients:** You can also deduct all the commuting costs you incur as a result of going to the bank to deposit your client check or withdraw money for your business, when you go to the post office to send out your business mail or when you go to purchase office supply.

**3. Deductions Whether You Drive or Take a Cab or Use Public Transportation:** No matter how you commute, you can deduct all the applicable expenses including the standard business mileage allowance.

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