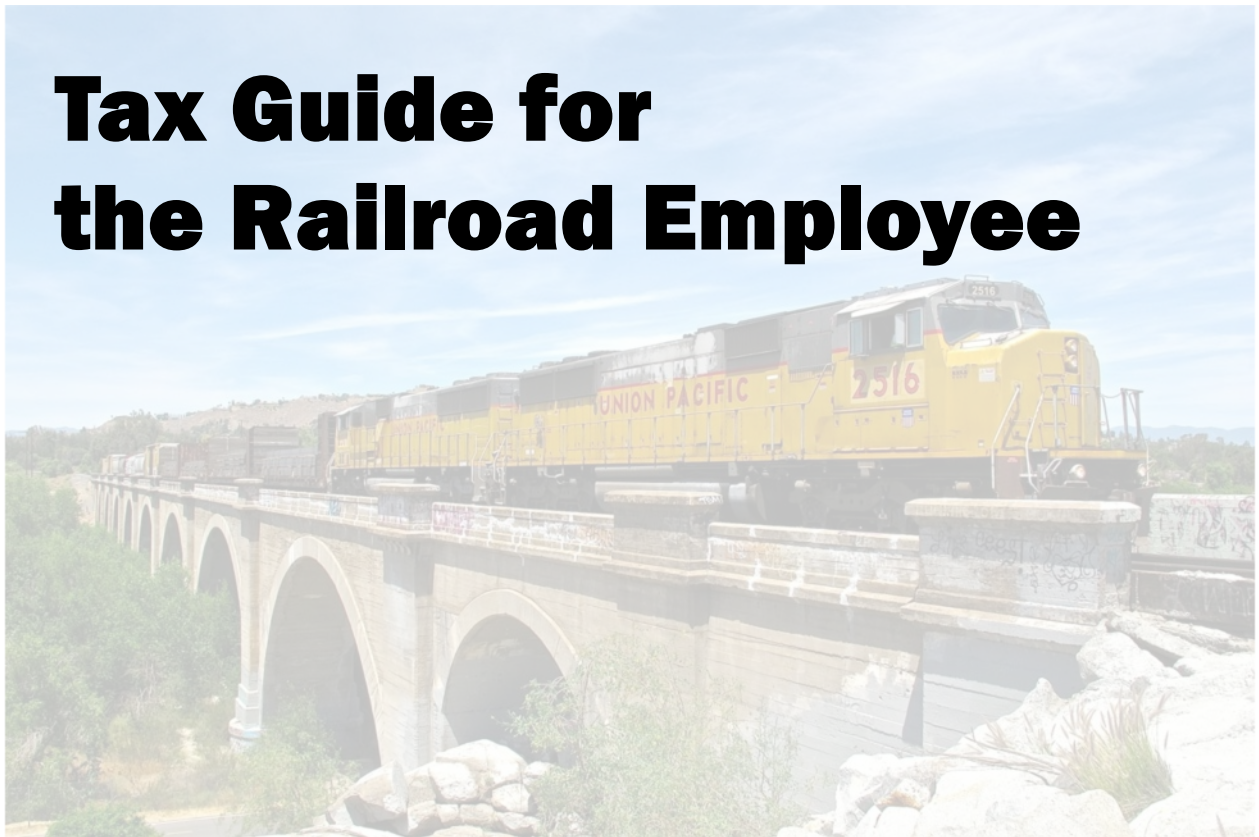




The Railroad Tax Specialists

# **Tax Guide for the Railroad Employee**



Your income tax specialists

***Rarick Financial Group***

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## **Transportation worker Defined**

**An employee or self-employed individual whose work:**

- 1) Directly involves moving people or goods by airplane, barge, bus, ship, train, or truck, and
- 2) Requires the worker to travel away from home to areas with different Federal per diem rates during any one trip.

*Support for the above is Rev. Procs. 2009-47 and 2010-39*

## **What is allowed by the IRS to Transportation workers?**

Individuals subject to Department of Transportation (DOT) hours of service rules are allowed an 80% deduction for meals and incidentals, instead of the regular 50% limit (IRC 274(n)(3)).

### **Workers subject to the rules include:**

- 1) Certain air transportation employees such as pilots, crew, dispatchers, mechanics and control tower operators.
- 2) Interstate truck operators and bus drivers.
- 3) Certain railroad employees such as engineers, conductors, train crews, dispatchers and control operations personnel.
- 4) Certain merchant mariners.

Transportation workers can use the rates shown below. If these rates are used, they must be used for the entire calendar year.

Within the United States	\$63 per day @ 80% allowed
Outside the United States	\$68 per day @ 80% allowed

If your employer provides your meals while on the rail, you are only allowed the \$5 per day incidentals per diem, as you would have no “out of pocket” meal expense.

## **Can I deduct my meal & lodging expenses?**

Yes, you can deduct your actual meal & lodging expenses, but you must keep detailed documentation of all expenses. It is also imperative that you keep your railroad log book, as this is the support for the days you are on the rails. It is recommended that you keep your receipts for groceries & restaurants in the event of an IRS audit, as you may be required to provide proof that you did have payouts.

If you are keeping actual receipts, you will also need to keep your lodging receipts, but your travel log will need to be in agreement for the same day charges. If your employer is providing you with lodging, and you choose to get a hotel room instead, be careful as this may cause you to lose the lodging deduction.

## Are there any other deductions I am allowed?

Deductions allowed subject to 2% of your adjusted gross income are as follows:

1. Union Dues
2. Job Insurance
3. Grips
4. Safety gear
5. Work boots
6. Work gloves
7. Safety glasses
8. Cold weather gear
9. Batteries
10. Cell phone - *you need to adjust for personal use. Although the railroad does not allow you to use your cell phone while on duty, would you need your cell phone for a breakdown or call back while on a layover?*

Further, if you have to check in with the Board for next run, you can deduct the following:

1. Computer software needed for contacting the Board
2. Computer hardware needed for contacting the Board
3. Internet fee - *adjusted for personal use.*
4. Fax expenses
5. Office & computer supplies as needed