

Taxation Tidbit

Commuting To and From the Farm

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Today, many taxpayers do not reside and work at the same location. For these taxpayers the cost of traveling between their home and the main or regular place of work is considered a nondeductible personal commuting expense. This is true regardless of the distance or the fact you might be driving the farm pickup and hauling tools. Additionally, if you live off the farm – starting your work days at the local café’s “morning farm management coffee seminar” or stopping by the implement dealership for parts will not convert the balance of the trip to the farm as deductible business travel.

One method of eliminating nondeductible commuting is to establish a business office in your home. The home-business office becomes your principal place of business and therefore you can deduct your daily transportation costs between your home office and other work locations.

You can qualify a room in your home as a farm business office if it is used exclusively and regularly as the principal place of business. Code Section 280A provides that a home office qualifies as the principal place of business if:

1. The office is used to conduct administrative or management activities of the trade or business and
2. There is no other fixed location of the trade or business where you conduct substantial administrative or management activities.

If you are in the business of farming –you **need** a business office. The home office can help make you a more effective and efficient business manager – plus it will be a great tool in defending the deductibility of travel costs between your home and the farm. Work with your tax consultant to insure all the i’s are dotted and the t’s are crossed in meeting the deductible requirements of your home-business office.