



IPB Submits Comments to IRS Regarding Proposed Section 274(l) Deduction Disallowance Regulations

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IPB Benefits & Compensation partners Kevin O'Brien and Spencer Walters recently submitted a comment letter to the IRS with regard to its proposed regulations for Section 274(l) deduction disallowance for commuting expenses.

The Service requested comments on "how to define an employee's residence and place of employment" for purposes of determining amounts that are disallowed in connection with reimbursing or paying for the costs of an employee's travel between the employee's residence and place of employment. In their letter, O'Brien and Walters point out that the disallowance was intended to cover "commuting" expenses and therefore should be interpreted with this intent in mind. Accordingly, "residence" should not include any ancillary residences (which might otherwise disallow the cost of occasional non-commuting travel to a secondary residence location). Similarly, and consistent with IRS guidance on temporary work locations, "place of employment" should be limited to primary work locations (or else the regulations might disallow the cost of business travel).