

Federal Tax Day - Current, J.4, Tax Court Properly Denied Business Expense Deductions for RV Use (Jackson, CA-9), (Jan. 12, 2017)

A married couple was properly prohibited from deducting business expenses related to their use of a recreational vehicle and the accuracy-related penalty was properly imposed. There is no deduction allowed with respect to the use of a dwelling unit used by the taxpayer during the tax year as a residence. The Tax Court did not clearly err in finding that the couple used their recreational vehicle for personal purposes for more than 14 days during each of the tax years at issue. In addition, the couple failed to show that they exclusively used a portion of the recreational vehicle as their principal place of business.

The couple failed to produce sufficient evidence that they acted with reasonable cause and in good faith when they deducted the disallowed expenses. Therefore, the Tax Court properly concluded they were ineligible for relief from the penalties.

Unpublished opinion affirming the Tax Court, 108 TCM 150, Dec. 59,986(M), TC Memo. 2014-160.

D.R. Jackson, CA-9, 2017-1 USTC ¶150,121

Other References:

Code Sec. 280A

CCH Reference - 2017FED ¶14,854.42

CCH Reference - 2017FED ¶14,858.57

Code Sec. 6662

CCH Reference - 2017FED ¶39,652.34

Code Sec. 6664

CCH Reference - 2017FED ¶39,661.654

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CCH Reference – TRC BUSEXP: 27,100

CCH Reference – TRC PENALTY: 3,108