Travel Tax Benefits Frequently Asked Questions

Q: How do I qualify for nontaxable travel benefits (transportation, housing costs or allowances, meal per diems, etc.) as a travel nurse?

A: To receive nontaxable travel benefits, the following rules must be met:

1. You must have a permanent tax home.
2. Your travel assignment must not be within commuting distance of your permanent tax home, and each individual travel assignment, including extensions and other assignments cannot be expected to keep you in the same general area for more than one year.

The first rule is complex and can be quite subjective depending on your facts and circumstances. More detailed information for all three rules is available in the Contract Package and on foundationmedicalstaffing.com

Q: What are the consequences if I do not meet one or more of these rules?

A: If you fail to meet the first rule, all travel costs must be treated as taxable income from the beginning of an assignment. The taxable income would include all meal per diems, housing allowances or company-paid housing costs, and mileage. These amounts would be subject to payroll tax withholding.

If you maintain a permanent tax home and your travel assignment is within commuting distance of your tax home, no travel benefits will be paid because travel costs should not be incurred.

If the one-year limit rule is failed, all of the travel benefits you receive must be treated as taxable income as soon as it becomes expected that the one-year limit will be exceeded. Generally, it is considered expected at the time you agree to an assignment or extension that will make the total length of time you spend in the assignment area longer than one year. The taxable benefit rule goes into effect on that date and continues through the remainder of the assignment.

Q: What requirements must be met before I can receive travel benefits (e.g., meal per diems, housing, transportation costs) for a travel assignment?

A: To receive travel benefits, Foundation Medical Staffing (FMS) must expect that you will incur travel costs, and your travel assignment cannot be within commuting distance of your tax home.

Q: When should I complete the Tax Home and One-Year Limit Representation form?

A: The Tax Home Representation form must be completed on the following occasions:

1. Prior to the start of your each assignment
2. Every time you execute a new Professional Services Agreement (generally annually)
3. During an assignment if there is a change in your tax home or an assignment extension creates the expectation that you will be in the worksite area for more than one year.

Be sure to keep the Tax Home Determination worksheet.

Q: Who makes the final decision about whether I have a permanent tax home?

A: Because the decision of the tax home status is sensitive to your facts and circumstances and can be highly subjective, you must make the final decision and complete the Tax Home Representation form. The Salt Lake City based Tax Department may help clarify the tax rules, but the final conclusion resides with you. We recommend you get the advice of a professional tax advisor.

Q: Who monitors the one-year limit and commuting rules for me?

A: Your FMS agent, with the help of our payroll and tax departments, monitors these rules and informs you of your status as these rules may be critical factors in deciding whether you accept an assignment or assignment extension. The one-year limit can be evaluated easily prior to each assignment extension, and the time and distance criteria for commuting can be determined from Internet mapping sites such as MapQuest.

Q: Why is the Housing Allowance Representation form required?

A: To receive nontaxable housing allowances, the requirements listed above must be met, and FMS must also be able to show a “reasonable belief” that temporary lodging expenses are actually incurred by you while you are on assignment away from your tax home. The Housing Allowance Representation form provides that “reasonable belief.”

*Tax information contained here is not intended to be used, and cannot be used, by any person as a basis for avoiding tax penalties that may be imposed by the IRS or any state. We recommend each taxpayer seek advice based on their circumstances from an independent tax advisor.*