This form is referenced in an endnote at the Bradford Tax Institute. CLICK HERE to go to the home page.

2008

Department of the Treasury
Internal Revenue Service

Instructions for Form 2106

Employee Business Expenses

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

What's New

Standard mileage rate. The 2008 rate for business use of your vehicle is 50½ cents a mile (58½ cents a mile after June 30, 2008).

Special depreciation allowance. Generally, new vehicles purchased and placed in service in 2008 qualify for a special depreciation allowance. The special allowance is a depreciation deduction equal to 50% of the adjusted basis of the vehicle. For more details see page 6.

Depreciation limits on vehicles. For 2008, the first-year limit on depreciation, special depreciation allowance, and section 179 deduction for most vehicles has increased to $10,960 ($2,960 if you elect not to claim the special depreciation allowance). For trucks and vans, the first-year limit has increased to $11,160 ($3,160 if you elect not to claim the special depreciation allowance). For more details, see pages 7 and 8.

Meal expenses. The percentage of meal expenses that can be deducted by employees subject to the Department of Transportation (DOT) hours of service limits has increased to 80%.

Purpose of Form

Use Form 2106 if you were an employee deducting ordinary and necessary expenses for your job. See the flowchart below to find out if you must file this form.

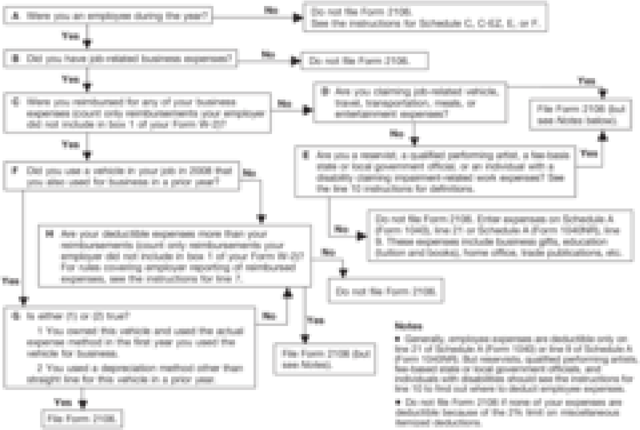
An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary.

Form 2106-EZ. You may be able to file Form 2106-EZ, Unreimbursed Employee Business Expenses, provided you:

- Use the standard mileage rate (if claiming vehicle expense), and
- Were not reimbursed by your employer for any expense (amounts your employer included in box 1 of your Form W-2 are not considered reimbursements for this purpose).

See Form 2106-EZ to find out if you qualify to file it.

Who Must File Form 2106



Notes

- Generally, employee expenses are deductible only on line 21 of Schedule A (Form 1040) or line 9 of Schedule A (Form 1040NR). But reservists, qualified performing artists, fee-based state or local government officials, and individuals with disabilities should see the instructions for line 10 to find out where to deduct employee expenses.
- Do not file Form 2106 if none of your expenses are deductible because of the 2% limit on miscellaneous itemized deductions.