



PO Box 491615
Redding, CA 96049-1615
TRAVEL NURSE RESOURCE

Federal Tax ID #: **68-0566960**

1-866-CRITOPS
Toll Free: 1-866-274-8677
Office: 530-221-5655
FAX: 530-221-3911
Email: critops@charter.net
www.criticaloptions.com

Tax Home Status and Per Diem Reimbursement

Critical Options (Company) may provide you certain assignment related expenses potentially including reimbursement of your healthcare license cost, a cents-per-mile mileage reimbursement subject to a cap or other transportation costs, meal & incidental per diem, and Company provided lodging or a lodging stipend. The tax treatment of the mileage, transportation, meals & incidental per diem and Company provided lodging or lodging stipend is dependent upon your status regarding the following three primary tax rules:

- (1) Tax Home** The Tax Home Representation Worksheet below is provided to assist you in determining whether you have a permanent tax home as generally defined by the IRS in Revenue Ruling 73-529. Because of the critical nature of this determination, including the state income tax treatment, we encourage you to consult with a tax advisor. This worksheet must be completed and returned to the Company as soon as possible. You should retain a copy of the worksheet for your tax files.
- (2) One-Year Assignment Limit** If your assignment(s) (including extensions) within the same geographical area are expected to last more than one year, tax law dictates that the location of your assignment will be your tax home regardless of your permanent tax home status. Then, any transportation mileage and cost, meal & incidental per diem, and lodging costs or stipends paid to you or on your behalf must be treated as taxable compensation. These travel benefits and costs become taxable as soon as it becomes known the assignment will last longer than one year. That is, once an assignment has been extended to the point where it will lapse over the one-year anniversary date, the travel expenses will become immediately taxable with the execution of that assignment extension, not just on the 366th day of the extended contract.
- (3) Commuting** If you are working an assignment within typical commuting distance from your permanent tax home, then any transportation mileage and costs, meal & incidental per diem, and lodging costs or stipends paid to you or on your behalf must be treated as taxable compensation. Commuting is generally referred to as within the worker's metropolitan area or broader rural geographic area. It is generally the common-practice, reasonable daily commute for the area. An undocumented, one-way commuting rule of thumb might be as long as 50 miles or 2 hours in an urban or suburban area and 100 miles or 1- hours for a rural area.

The tax information contained in this document is not intended to be used by any person as a basis for avoiding tax penalties that may be imposed by the IRS or any state. This tax information is general in nature and is subject to change without notification. Critical Options recommends each taxpayer seek tax advice based on their individual circumstances from an independent tax advisor.



PO Box 491615
Redding, CA 96049-1615
TRAVEL NURSE RESOURCE

Federal Tax ID #: **68-0566960**

1-866-CRITOPS
Toll Free: 1-866-274-8677
Office: 530-221-5655
FAX: 530-221-3911
Email: critops@charter.net
www.criticaloptions.com

Tax Home Representation Determination Worksheet

This worksheet is provided to assist you in determining whether you have a permanent tax home as defined by the IRS in Revenue Ruling 73-529, and therefore determine the tax status of the travel costs and/or allowances provided you or paid on your behalf while on assignment. Because of the critical nature of this determination, we encourage you to consult with a tax advisor. Please make a copy for your personal records and return a copy to Critical Options so that we can immediately implement your GSA Per Diem reimbursements. (*Please check appropriate boxes below*):

- (1) YES NO Do you perform a portion of your business or work in the vicinity of your permanent tax home? (Many travelers will not meet this requirement, as they do not have regular work or business in the tax home area.)
- (2) YES NO Are you duplicating living expenses (mortgage, rent, utilities, etc.) to maintain the permanent tax home while away from home on assignment? (Limited IRS guidance provided, but as a minimum the duplicate expenses to maintain the tax home should exceed \$250 per month.)
- (3) YES NO Do you meet one or more of the following criteria regarding your permanent tax home?
- a. YES NO Have a member of your family (spouse, child, or parent) residing with you in the permanent tax home?
- b. YES NO Use the permanent tax home frequently for lodging? (Limited IRS guidance provided, but the return home trips should be more than a few times a year and one or more of the trips should be much longer than a long weekend.)
- c. YES NO The permanent tax home represents a historical place of lodging? (This means the tax home vicinity is where you grew up, went to college, or have recent and long-term ties to the community.)

If you responded **YES** to all three questions above, then you have a permanent tax home and should check Box A on the Tax Home Representation Form. If you responded **NO** to two or more of the three questions above, then you do not have a permanent tax home and must check Box B on the Tax Home Representation Form.

If you responded **YES** to two of the three questions, then you must consider the following potential “facts and circumstances” attributes to determine whether you have a permanent tax home. All questions do not necessarily require a **YES** answer to secure a favorable result, but certainly the majority should have a **YES** response, and the first four questions are of particular importance.

- YES NO Is the tax home address your address of record and from which you file your income tax returns?
- YES NO Do you have telephone service at the tax home or is it your primary mailing address?
- YES NO Are your auto license plates and driver’s license registered with your tax home city?
- YES NO Is the tax home address the address of record for your professional license(s)?
- YES NO Is your banking relationship with a bank in your tax home vicinity?
- YES NO Are you registered to vote (and actually vote) at your tax home precinct?
- YES NO Do you have church, club, or other associations in your tax home vicinity?



PO Box 491615
Redding, CA 96049-1615
TRAVEL NURSE RESOURCE

Federal Tax ID #: **68-0566960**

1-866-CRITOPS
Toll Free: 1-866-274-8677
Office: 530-221-5655
FAX: 530-221-3911
Email: critops@charter.net
www.criticaloptions.com

Tax Home Representation Form

I have completed the Tax Home Status Determination worksheet and consulted with my tax advisor, as I believe appropriate, and now make the following good faith determination (*please check the most appropriate box below*):

A. I maintain a permanent tax home identified below (mandatory, no PO Box), consistent which is consistent with the W-4 I have filed with Critical Options):

Since I have a permanent tax home, I would like to take advantage of the tax-free meal per diem, housing and mileage benefits when possible. I understand that the fact that I have a tax home does not guarantee tax-free travel benefits as other requirements must also be met.

--or--

Although I maintain a permanent tax home, I prefer not to receive the tax free meal, housing and mileage benefits, or I do not qualify because my permanent tax home is within commuting distance and/or my assignment will exceed the one year limit.

I understand that I must make this representation with each new assignment or extension. If my permanent tax home changes, I am required to notify the Company immediately. I also understand that generally state tax laws (except for certain states with reciprocity), state income taxes will be withheld from my taxable compensation based upon the state of my assignment. This may necessitate that I file an amended W-4 at the company's request. This, in some cases, partial withholding will may be required for my tax home state as well as those states in which I work; both federal and state taxes must be fully withheld.

--or--

B. I do not maintain a permanent tax home. As such, I understand the IRS considers my tax home the temporary lodging for the temporary assignment. I understand that without a permanent tax home, all lodging costs or allowances, mileage reimbursements and other transportation costs, and meal & incidental per diem benefits paid me or provided on my behalf will be treated as taxable compensation reported on Form W-2 subject to applicable payroll taxes. I further understand that only the state income tax for the assignment state will be withheld.

Print Name

Social Security Number

Signature

Date



PO Box 491615
 Redding, CA 96049-1615
TRAVEL NURSE RESOURCE

Federal Tax ID #: **68-0566960**

1-866-CRITOPS
 Toll Free: 1-866-274-8677
 Office: 530-221-5655
 FAX: 530-221-3911
 Email: critops@charter.net
www.criticaloptions.com

HOUSING ALLOWANCE REPRESENTATION FORM

In order to receive a housing allowance tax-free, I understand that in addition to the tax-home, commuting and one-year limit rules, I must incur lodging expenses for temporary overnight stays because the assignment requires me to be away from my permanent tax home.

For this purpose, "lodging expenses" might include motel costs, apartment or apartment sharing rent and utilities (gas, electric, and water). Personal expenses for items such as cable TV, telephone, internet service, etc. do not qualify as lodging expenses for this determination.

By signing below, I attest that I am or will be incurring temporary lodging expenses while I am working at the temporary assignment in _____ (city & state) that starts _____ (date) while away from my regular tax home. I agree to notify Critical Options immediately if my situation changes.

 Printed Name

 Signature

 Date

Return completed form to Critical Options. *For housing allowances to be considered non-taxable, this completed form must be received with or prior to receipt of the first time sheet for your assignment. If completed form is received after any allowances have been paid, no retroactive payroll tax withholding adjustments can be made.*