

## Tax Home Representation Form

I have completed the LiquidAgents Healthcare Permanent Tax Home Determination Worksheet and consulted with my tax advisor, as I believe appropriate, and now make the following determination:

Please check the most appropriate box below.

I have a permanent tax home and would like to take advantage of the tax-free housing benefits when possible. I understand having a tax home does not guarantee tax-free travel benefits, as additional requirements must be met.

- I maintain a permanent tax home identified below (mandatory, no P.O. Box), which is consistent with the W-4 I filed with LiquidAgents Healthcare:

\_\_\_\_\_  
Street

\_\_\_\_\_  
Apartment/Unit/etc

\_\_\_\_\_  
City

\_\_\_\_\_  
State and Zip

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 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.

- I maintain a permanent tax home and prefer not to receive the tax free housing benefits, nor do I qualify because my permanent tax home is within commuting distance and/or my assignment will exceed the one year limit.

I understand that I will be required to make this representation periodically. If my permanent tax home or one year limit status changes, I must notify the Company immediately. By signing below, I acknowledge that I have been advised by LiquidAgents Healthcare, LLC that I should consult with a tax advisor regarding this form and the associated tax treatment of my reimbursements while employed.

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Social Security Number

**FOR YOUR RECORDS – DO NOT RETURN**

**Tax Home Determination Worksheet**

This worksheet 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, 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.

<input type="radio"/> YES <input type="radio"/> NO	1. Do you perform a portion of your business or work in the vicinity of your permanent tax home? <i>Must represent meaningful employment each year.</i>
<input type="radio"/> YES <input type="radio"/> NO	2. Are you duplicating living expenses (mortgage, rent, utilities, etc.) to maintain the permanent tax home while away from home on assignment? <i>Limited IRS guidance provided, but as a minimum the duplicate expenses to maintain the tax home should exceed \$275 per month.</i>
<input type="radio"/> YES <input type="radio"/> NO	3. Do you meet one or more of the following criteria regarding your permanent tax home? <ul style="list-style-type: none"> <li>• Have a member of your family (spouse, child, or parent) residing with you in the permanent tax home? <input type="radio"/> YES <input type="radio"/> NO</li> <li>• Use the permanent tax home frequently for lodging? <input type="radio"/> YES <input type="radio"/> NO             <ul style="list-style-type: none"> <li>a. <i>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.</i></li> </ul> </li> <li>• The permanent tax home represents a historical place of lodging? <input type="radio"/> YES <input type="radio"/> NO             <ul style="list-style-type: none"> <li>a. <i>This means the tax home vicinity is where you grew up, went to college, or have recent and long-term ties to the community.</i></li> </ul> </li> </ul>

**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 the majority should have a YES response, and the first four questions are of particular importance.

<input type="radio"/> YES <input type="radio"/> NO	Is the tax home address your address of record for your income tax returns?
<input type="radio"/> YES <input type="radio"/> NO	Are utility services registered at the tax home and is it your primary mailing address?
<input type="radio"/> YES <input type="radio"/> NO	Are your auto license plates and driver’s license registered with your tax home county?
<input type="radio"/> YES <input type="radio"/> NO	Is the tax home address your address of record for your professional license(s)?
<input type="radio"/> YES <input type="radio"/> NO	Is your banking relationship with a bank in your tax home vicinity?
<input type="radio"/> YES <input type="radio"/> NO	Are you registered to vote (and actually vote) at your tax home precinct?
<input type="radio"/> YES <input type="radio"/> NO	Do you have church, club, or other associations in your tax home vicinity?



## **FOR YOUR RECORDS – DO NOT RETURN**

### One-Year Assignment Limit Rule

The IRS has long held that the travel assignment must be temporary for an employee traveling away-from-home on business to receive non-taxable *travel benefits* (meal per diems, corporate provided housing or housing allowances, and mileage reimbursements). IRS Revenue Ruling 93-86 issued in the early 1990s provides that for an assignment to be temporary, it must be expected to last less than one year and cannot be indefinite in length. Otherwise the lodging at or near the assignment worksite area is considered the employee's tax home area and all *travel benefits* paid would be considered taxable compensation subject to applicable tax withholding. The rationale for the rule is that for an assignment lasting more than one year (or indefinite in length), the employee would be reasonably expected to move their tax home residence to within normal commuting distance of the worksite.

More precisely, the Ruling provides that an away from home assignment will meet this temporary requirement if the assignment is expected to last less than one year and does in fact last less than one year. If an assignment is extended for which it will then last more than one year, all travel benefits must be treated as taxable compensation when it first becomes known that the one-year limit is expected to be exceeded; not when the 366<sup>th</sup> day is reached. *Travel benefits* incurred prior to when it is first expected that the one-year limit will be exceeded do not need to be reclassified as compensation, but all future *travel benefits* must be treated as taxable compensation.

This one-year limitation applies to the assignment area, not just the specific assignment or client, and it applies even if the traveler were employed by a different agency where the traveler continued to work in the same general assignment area (i.e. any future assignment within the commuting distance radius of the prior assignment worksite). This commuting determination cut-off could be as long as 50 miles or 2 hours in a city/suburban area and 100 miles or 1 ½ hours in a rural area.

A break of at least 13 weeks away from the assignment area is required to restart the counting for this one-year limit.