

Employee Business Expenses

If you pay work-related expenses out of your own pocket, you may be able to deduct them. Usually, they must amount to more than two percent of your adjusted gross income. You can put the **work-related expenses on IRS Schedule A, Itemized Deductions**.

Here are some helpful tips about employee business expenses:

1. The work-related expenses must be **Ordinary and Necessary**. People can only deduct unreimbursed expenses that are ordinary and necessary to their work as an employee. An ordinary expense is one that is common and accepted in the industry. A necessary expense is appropriate and helpful to a business.
2. **Possible deductible costs include:**
 - Required work clothes or uniforms not appropriate for everyday use.
 - Supplies and tools for use on the job.
 - Business use of a car.
 - Business meals and entertainment.
 - Business travel away from home.
 - Business use of a home.
 - Work-related education.

There may be other expenses that are ordinary and necessary that can be deducted. Special rules apply for reimbursed expenses by an employer. These publications - IRS Publication 529, Miscellaneous Deductions, and Publication 463, Travel, Entertainment, Gift and Car Expenses, provide more details.

3. You can usually report expenses on **Form 2106 or Form 2106-EZ**. IRS Schedule A may also be used.
4. **K-12 teachers** may be able to deduct up to \$250 of certain expenses paid in 2016. These may include books, supplies, equipment and other materials used in the classroom. These expenses are an **adjustment to income** rather than an itemized deduction. In other words, people do not need to itemize to claim them. IRS Publication 529 has more information.
5. Make sure you **keep good records** for proof of income and expenses. Ask your tax preparer about what records to keep.