

Business Travel or Recreation: The RV Case

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Synopsis

This descriptive case provided an exercise for students to argue, under the applicable legal framework, whether the taxpayer's purported business travel expenses using a recreational vehicle should be deductible in whole, in part, or disallowed. The case also required students to put themselves in the place of a judge with the flexibility to reconcile and strike a balance between the competing arguments in coming to an equitable ruling. The case involved the interplay of multiple Internal Revenue Code sections and other tax authorities and required some integrative application of tax law. The case provided a presentation of evidence and competing arguments and an appendix explaining the controlling legal principles of the case issues.

Learning Outcomes

In completing this case assignment, students should be able to:

1. Identify and explain the policies underlying the positions of the taxpayers and government in this case.
2. Apply the provisions of the tax law controlling business deductions in general and business travel deductions in particular and analyze how the taxpayers' challenged deductions may be acceptable or unacceptable.
3. Evaluate the provisions controlling or limiting business deductions that are pertinent to these facts to support how they may be used to allow, disallow, or limit deductions taken by the taxpayers.
4. Under the role of an arbitrator of a dispute between the government and a taxpayer, evaluate the law and facts of the case in order to formulate an equitable ruling.

Application

The case was designed primarily for use in an undergraduate or graduate taxation class focusing on taxation of individuals or a graduate tax research class.

Key Words

taxation of individuals, business travel expenses, IRC Section 162, IRC Section 280A

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