

# UNPACKING THE BENEFITS OF A TAX HOME:

## A Guide for Travel Therapists

### What is a tax home?

Tax home is defined by the IRS as one's principal place of business which is a loaded term that basically means the area where one makes the majority of their income. When you're working as a travel therapist and receiving tax-free benefits, you must maintain a tax home AND find secondary housing wherever your travel job takes you. This is called duplicating housing expenses. Having a tax home allows you to receive a housing and per diem stipends provided by travel therapy companies without having to pay taxes on them due to the stipends being a reimbursement for costs incurred at the travel assignment location. Financially, this is huge benefit and increases a person's overall compensation, especially in comparison to someone working in a permanent position where all their income is being taxed.

### The basics of maintaining a tax home

To be allowed to take the untaxed stipends, per IRS guidelines, you need to be able to demonstrate at least two of the following three criteria otherwise all your income should be taxed:

1

You must maintain a place of permanent residence and pay expenses there (i.e. rent, own/mortgage, pay bills, pay taxes, etc.) while ALSO paying expenses at your travel location- duplicating housing expenses.

2

You must not abandon your tax home. Generally speaking, you should return there at least 30 days per year, but these days don't have to be consecutive.

3

You must still conduct business in the area of your tax home. For example, you have a PRN job there or maintain some type of other business there.

\*The third criteria is a little vague, as some interpret "conducting business" as having bank accounts and credit cards, car registration and insurance, and voter registration associated with the tax home, not specifically working in the area.

### What are some strategies to keeping a tax home?

Paying a mortgage or rent for your apartment would be maintaining your tax home. You may be thinking you could rent out your house while you are gone, but this is not advisable unless you specifically state in the lease agreement that you would maintain at least one room in the house as your own and you stay in that room while in the area (at least 30 days per year as mentioned above). Another option is renting a room out from family or a friend. Go on Craigslist, see what a comparable room rents for, and pay your family/friend to rent the room in their house. It's also recommended that you have a contract written and signed. As mentioned by Joseph Smith at Travel Tax, you ideally would also want to work in this new area for a while before traveling in order to solidify this new area as your tax home.

\*To find out more about tax home representation and / or all things about travel taxes, visit [traveltax.com](http://traveltax.com)

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