

CALIFORNIA FRANCHISE TAX BOARD

Legal Ruling No. 034

June 24, 1958

EXCHANGE TEACHERS: DEDUCTIBILITY OF EXPENSES

Syllabus:

A teacher serving in Canada as an exchange teacher under the provisions of the Fulbright Act is entitled to claim a deduction for expenses incurred in traveling to and returning from Canada and for the cost of meals and lodging while there.

Taxpayer is a teacher in the X City School system of California serving as an exchange teacher in Canada under the provisions of the Fulbright Act, 60 Stat. 754, 50 USCA, App. Sec. 1641. Advice is requested regarding the deductibility of her expenses while on this service.

The Bureau of Internal Revenue, in a special letter, declared in substance that an exchange teacher serving in England was entitled to claim a deduction for expenses incurred in traveling to and returning from England and for the cost of meals and lodging while there. The rationale of the ruling is that these exchange teachers are serving in another country for a temporary period, during which they remain in the employ of their local school department in this country, or at the request, of the local department. Consequently, the expenses incurred are not of a personal nature, as they would be if the teacher terminated his local employment and chose to take a job abroad, but rather they are expenses incurred while away from home on an assignment connected with his permanent, local job.

Since subject taxpayer is entitled to a deduction for traveling and living expenses for Federal purposes, she would be allowed the same deduction for State purposes, there being no significant difference in the respective statutory provisions on expense deductions.