

---

# The Impact of Tax Changes on the Healthcare Traveler

---

## **Significant Changes to the Tax Code**

- *Housing and M&I Stipends – Are these stipends going to be taxed? This is the most popular question we've seen – and rest assured, the answer is NO. Stipends will remain tax-free, provided you maintain your tax home and otherwise meet the IRS requirements of a traveler.*
- *Employee Expenses – In the past, out of pocket employee expenses (including uniforms, licensing, supplies, continuing education, conferences, reference materials, etc) were tax deductible to W-2 employees. Under the new tax law, these items are no longer deductible for employees. It is important to note that if you incur these expenses as an independent contractor (1099), these expenses remain a tax deduction. If you feel this may apply to you, contact us for more information.*
- *Expense Reimbursements – Under the new tax law, you are eligible to receive expense reimbursements from your employer for many of the employee expenses listed above. As part of your compensation package, you most certainly can (and should) ask your employer to reimburse you for some of these out of pocket costs. Again, please contact us for more information if this applies to you.*

## **Tax Season: What to expect?**

**While employee expenses are no longer deductible, as a traveler, you should continue to track such expenses for a few reasons:**

- *If you receive stipends, you need to ensure that you qualify for these (ie, maintain that tax home!)*
- *If you receive travel or employee expense reimbursements, you need to detail the expenses that are being reimbursed (ie airfare, mileage, uniforms, etc). If you do not, the reimbursements could become taxable income*
- *If you work as an independent contractor, all work related expenses remain deductible*

## **How You Can Make to Most of these Changes**

- *When negotiating your next contract, ask for out of pocket expenses to be reimbursed by your employer*
- *Understand the local housing and meal per diem rates in your travel area. Request that your employer provide you with a stipend that is commensurate with the IRS allowed amounts in your location.*

*In summary, while the new tax law is a game changer for the traveler, it is critical that you track your travel assignments and work related expenses. Failing to do so could result in a significant tax liability. Perhaps more importantly, understanding the tax changes is the key to making them work for you! This is where we can help.*