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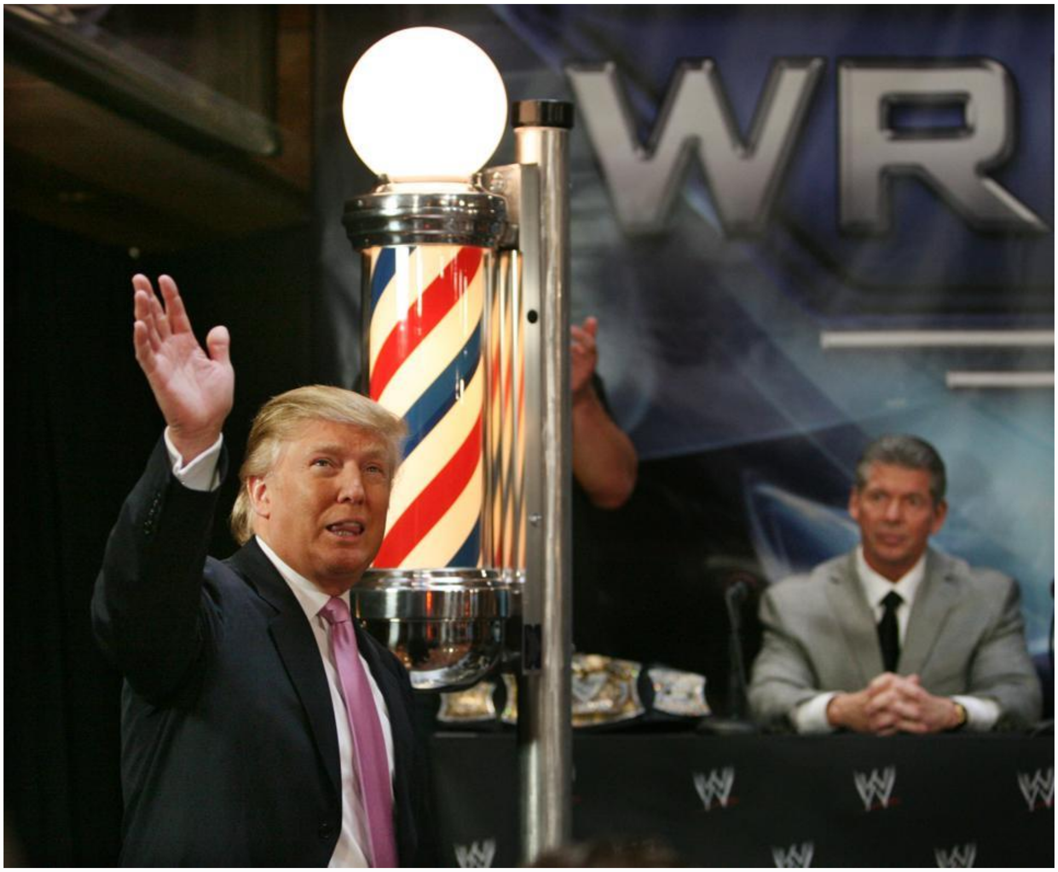
Haircut Tax Write-Offs And Other Strange Ones

Revelations about President Trump's taxes have been percolating for many years, and most people are probably not surprised that he is an aggressive taxpayer. The most recent trouncing was in the New York Times, which was said to be an exhaustive analysis of his tax records. The most recent stories have focused on many things, and there is a good deal to consider. But one of the widely quoted vignettes was about alleged write offs of $70,000 worth of haircuts. During COVID-time, *any* haircut might seem a luxury. But if it is true about the $70,000 worth of haircuts, it might cause some of us to think, hey, how about my *usual* haircut, if I ever go back to my usual haircut? Your first reaction might be that these are personal expenses, right, and personal expenses are not tax deductible, correct? Correct, but the tax law can seem malleable, and it seems like just about everything has been tried. Some of it depends on the nature of the taxpayer. For example, a TV production company with makeup people and hair stylists can presumably deduct the cost of paying them as a business expense. Costumes too. But an individual is different.



One silly example involving haircuts was the tax case of a TV anchor who tried something similar, not just with fancy haircuts, but with fancy clothes too. In *Hamper v. Commissioner*—yes, that's the taxpayer's name—a news anchor wrote off $20,000 a year for her clothes. Yes, that’s a lot less than $70,000 of haircuts. She argued that she was required to adhere to Women’s Wardrobe Guidelines for “standard business wear." Besides, she wore it only at work, and even kept it separate from her personal clothing. Even with these arguments, the IRS and Tax Court said no to her write-offs. Of course, some of what she wrote off was over the top. On top of business suits and dresses, she deducted lounge wear, a robe, sportswear, lingerie, thong underwear, an Ohio State jersey, jewelry, running shoes, dry cleaning, business gifts, cable TV, contact lenses, cosmetics, gym memberships, haircuts, Internet access, self-defense classes, and her subscriptions to Cosmo, Glamour, Newsweek, and Nickelodeon.

Hamper may have kept meticulous records of the clothes she bought for business, but that wasn't enough for tax relief. Where business clothes are suitable for general wear, there's no deduction even if these *particular* clothes would not have been purchased but for the employment. There are exceptions where clothing was useful only in the business environment, where: (1) The clothing is required or essential in the taxpayer's employment; (2) The clothing is not suitable for general or personal wear; and (3) The taxpayer doesn't wear the clothes for personal use. But after Hamper lost, the former TV anchor said she was still glad she challenged the IRS.

Interestingly, the tax professionals who prepared her tax returns expressed no doubt, treating the deductions as legitimate. Still, it's hard to see how. The Tax Court pointed out that for Hamper to deduct the costs of her work clothes, she had to wear them as a condition of her employment, and the clothes could not be suitable for everyday wear. That latter rule kills most tax deductions. Most professionals, the Tax Court noted in Hamper's case, probably don't wear their business clothes on their personal time. Still, their business attire is *suitable* for other uses if they wanted to. In any event, the judge ruled that most other items deducted by Hamper were personal, not business. They included contact lenses that helped her read the teleprompter, makeup, haircuts, manicures, teeth whitening and subscriptions to magazines and newspapers.

No one wants to lose a tax case, but the worst part of this case might have been the thong. Popular reports of the case at the time, including a New York Daily News story, listed thong underwear among the items she deducted. Most of us who don't wear specialized clothes for work can only deduct the used clothing we give to charity. When you do that, you can only claim its market value. The way the IRS values various kinds of property, that usually isn't much.

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