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### Teacher's Tax Trouble: No Tax Deductions For Supplies

The good news: this story isn't about teachers having sex with their students. The bad news: the IRS and U.S. Tax Court have given people one more reason **not** to go into teaching. Being a teacher is no picnic. Apart from [low pay](#) and classroom antics, there are precious few tax benefits.

[Eliana Farias](#) learned about this the hard way. She's a Los Angeles public school teacher who got only basic supplies from her school. See [Farias v. Commissioner](#). Anything beyond the basics was up to her, and was solely at her expense. To her credit, she spent money on her kids.

For one, she spent money on candy for her class and many other items, and wrote it all off. She even purchased a savings bond as a class prize. But she also spent \$8,500 on a Mediterranean cruise for herself. That helped her as a teacher, she claimed, so she deducted the cruise too.

She funded weekend field trips as "incentives" for students. They included movie tickets, Disneyland, and the [IMAX California ScienCenter](#). But sadly, Ms. Farias couldn't prove that these were

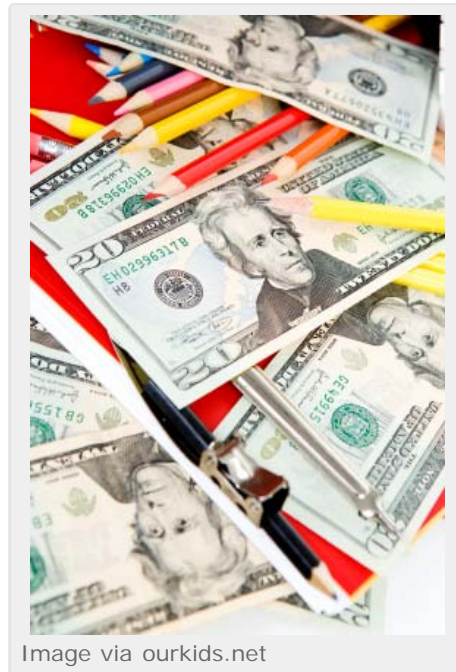


Image via ourkids.net

“ordinary and necessary expenses.” The school didn’t require her to provide these items. Besides, said the Tax Court, she couldn’t verify exactly who went where and why.

Teachers do get a limited tax break on their returns, but it’s not momentous. The first \$250 of deductions for expenses paid for books, supplies, computer or other equipment and supplementary materials used by eligible teachers is subtracted from their gross income. See [Section 62\(a\)\(2\)\(D\)](#). Any substantiated expenses after the first \$250 that relate to a taxpayer’s employment as a teacher can be deducted as unreimbursed employee expenses. See [Section 62\(a\)\(2\)\(D\)](#).

However, it’s not enough for the supplies to simply be **helpful** to the students and appropriate for the classroom. They must also be **directly related** to the taxpayer’s job as a teacher. They must even be a **necessary** expense of being a teacher. See [Welch v. Helvering](#) and [Wheatland v. Commissioner](#).

These are high standards and Ms. Farias couldn’t meet them. Sure, she produced receipts for supplies totaling \$9,361, but she couldn’t prove much else other than that

How much did the IRS allow of her more than \$9,000 in expenses? \$581.59. Ouch.

Critically, there was no evidence the school actually **required** her to purchase the candy or the savings bond. These expenses were not **necessary** to her job. No matter how well intentioned they were, gifts to students are not deductible as business expenses. See [Patterson v. Commissioner](#).

For more, see:

[Tax Breaks For MBAs And More](#)

[Ten Rules For Deducting Career Education](#)

[IRS Tax Topic 458 Educator Expense Deduction](#)

[How Much Is Your Tax Deduction Worth?](#)

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