

Appendix A

Legislative History Supporting IRC 67(g): Suspension of Miscellaneous Itemized Deductions. Committee Reports for the Tax Cuts and Jobs Act

[Section 11045](#) ¶ 5019 Suspension of miscellaneous itemized deductions.

[Code Sec. 67](#) Conference Report

Present Law

Individuals may claim itemized deductions for certain miscellaneous expenses. Certain of these expenses are not deductible unless, in aggregate, they exceed two percent of the taxpayer's adjusted gross income ("AGI").²²²The deductions described below are subject to the aggregate two-percent floor.²²³

²²² [Sec. 67\(a\)](#).

²²³ The miscellaneous itemized deduction for tax preparation expenses is described in a separate section of this document.

Expenses for the production or collection of income

Individuals may deduct all ordinary and necessary expenses paid or incurred during the taxable year for the production or collection of income.²²⁴

²²⁴ [Sec. 212\(1\)](#).

Present law and IRS guidance provide examples of items that may be deducted under this provision. This non-exhaustive list includes:²²⁵

²²⁵ See IRS Publication 529, "Miscellaneous Deductions" (2016), p. 9.

- Appraisal fees for a casualty loss or charitable contribution;
- Casualty and theft losses from property used in performing services as an employee;
- Clerical help and office rent in caring for investments;
- Depreciation on home computers used for investments;
- Excess deductions (including administrative expenses) allowed a beneficiary on termination of an estate or trust;
- Fees to collect interest and dividends;

- Hobby expenses, but generally not more than hobby income; Indirect miscellaneous deductions from pass-through entities;
- Investment fees and expenses;
- Loss on deposits in an insolvent or bankrupt financial institution;
- Loss on traditional IRAs or Roth IRAs, when all amounts have been distributed;
- Repayments of income;
- Safe deposit box rental fees, except for storing jewelry and other personal effects;
- Service charges on dividend reinvestment plans; and
- Trustee's fees for an IRA, if separately billed and paid.

Tax preparation expenses

For regular income tax purposes, individuals are allowed an itemized deduction for expenses for the production of income. These expenses are defined as ordinary and necessary expenses paid or incurred in a taxable year: (1) for the production or collection of income; (2) for the management, conservation, or maintenance of property held for the production of income; or (3) in connection with the determination, collection, or refund of any tax. ²²⁶

²²⁶ Sec. 212.

Unreimbursed expenses attributable to the trade or business of being an employee

In general, unreimbursed business expenses incurred by an employee are deductible, but only as an itemized deduction and only to the extent the expenses exceed two percent of adjusted gross income. ²²⁷

²²⁷ Secs. 62(a)(1) and 67.

Present law and IRS guidance provide examples of items that may be deducted under this provision. This non-exhaustive list includes: ²²⁸

²²⁸ See IRS Publication 529, "Miscellaneous Deductions" (2016), p. 3.

- Business bad debt of an employee;
- Business liability insurance premiums;
- Damages paid to a former employer for breach of an employment contract;
- Depreciation on a computer a taxpayer's employer requires him to use in his work;
- Dues to a chamber of commerce if membership helps the taxpayer perform his job;
- Dues to professional societies;
- Educator expenses; ²²⁹
- Home office or part of a taxpayer's home used regularly and exclusively in the taxpayer's work;

- Job search expenses in the taxpayer's present occupation;
- Laboratory breakage fees;
- Legal fees related to the taxpayer's job;
- Licenses and regulatory fees;
- Malpractice insurance premiums;
- Medical examinations required by an employer;
- Occupational taxes;
- Passport fees for a business trip;
- Repayment of an income aid payment received under an employer's plan;
- Research expenses of a college professor;
- Rural mail carriers' vehicle expenses;
- Subscriptions to professional journals and trade magazines related to the taxpayer's work;
- Tools and supplies used in the taxpayer's work;
- Purchase of travel, transportation, meals, entertainment, gifts, and local lodging related to the taxpayer's work;
- Union dues and expenses;
- Work clothes and uniforms if required and not suitable for everyday use; and
- Work-related education.

²²⁹Under a special provision, these expenses are deductible "above the line" up to \$250.

Other miscellaneous itemized deductions subject to the two-percent floor

Other miscellaneous itemized deductions subject to the two-percent floor include:

- Repayments of income received under a claim of right (only subject to the two-percent floor if less than \$3,000);
- Repayments of Social Security benefits; and
- The share of deductible investment expenses from pass-through entities.

House Bill

The House bill repeals the deduction for expenses in connection with the determination, collection, or refund of any tax.

Under the provision, business expenses incurred by an employee are not deductible, other than expenses that are deductible in determining adjusted gross income (that is, above-the-line deductions).

Effective date

The provision is effective for taxable years beginning after December 31, 2017.

Senate Amendment

The Senate amendment suspends all miscellaneous itemized deductions that are subject to the two-percent floor under present law. Thus, under the provision, taxpayers may not claim the above-listed items as itemized deductions for the taxable years to which the suspension applies. The provision does not apply for taxable years beginning after December 31, 2025.

Effective date

The provision is effective for taxable years beginning after December 31, 2017.

Conference Agreement

The conference agreement follows the Senate amendment.