

5.15.1.11 (08-29-2018) (Excerpt)

Other Expenses

1. Other expenses may be necessary or conditional. Other necessary expenses meet the necessary expense test and normally are allowed. The amount allowed must be reasonable considering the taxpayer's individual facts and circumstances. Other Conditional Expenses **may not** meet the necessary expense test, but may be allowable based on the circumstances of an individual case.
2. There may be circumstances where expenses may be allowed even if they do not meet the necessary expense test. If the IRS tax liability including accruals can be paid within six years and within the CSED, all expenses may be allowed if they are reasonable. If the taxpayer cannot pay within six years, it may be appropriate to allow the taxpayer up to one year in order to modify or eliminate one or more expenses. See *IRM 5.15.1.3, Analyzing Financial Information*.
3. If other conditional expenses are determined to be necessary and, therefore allowable, document the reasons for the decision in your history.

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Expense Item	Expense is Necessary:	Notes/Tips
Current Year Taxes	If it is for current federal, FICA, Medicare, state and local taxes.	Current taxes are allowed regardless of whether the taxpayer made them in the past or not.

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This excerpt provided by Gary W Lundgren, EA
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