



**United States Tax Court**  
Washington, DC 20217

Lafayette Lorenzo Nelson,

Petitioner

v.

Docket No. 892-19

Commissioner of Internal Revenue,

Respondent

**ORDER**

Pursuant to Rule 152(b) of the Tax Court Rules of Practice and Procedure, it is

ORDERED that the Clerk of the Court shall transmit herewith to petitioner and to the Commissioner a copy of the pages of the transcript of the trial in this case before the undersigned judge at the Washington, D.C. session containing his oral findings of fact and opinion rendered at the trial session at which the case was heard.

In accordance with the oral findings of fact and opinion, decision will be entered under Rule 155.

**(Signed) David Gustafson**  
**Judge**

**Served 01/10/22**

1 Bench Opinion by Judge David Gustafson  
2 December 17, 2021  
3 Lafayette Lorenzo Nelson, III v. Commissioner  
4 Docket No. 892-19

5 THE COURT: The Court has decided to render the  
6 following as its oral findings of fact and opinion in this  
7 case. This bench opinion is made pursuant to the  
8 authority granted by section 7459(b) of the Internal  
9 Revenue Code and Tax Court Rule 152; and it shall not be  
10 relied upon as precedent in any other case. Rule  
11 references in this opinion are to the Tax Court Rules of  
12 Practice and Procedure, and section references are to the  
13 Internal Revenue Code (26 U.S.C.), as amended and in  
14 effect at the relevant times. Dollar amounts are rounded.

15 This is a deficiency case brought pursuant to  
16 section 6213(a), in which petitioner, Lafayette Lorenzo  
17 Nelson, III, asks us to redetermine a deficiency in his  
18 Federal income tax for the year 2014, as determined by  
19 respondent, the Commissioner of the Internal Revenue  
20 Service ("IRS"), and as set forth in the statutory notice  
21 of deficiency ("SNOD") sent to Mr. Nelson on October 12,  
22 2018. (Ex. 2-J.) Mr. Nelson's deadline to file a  
23 petition with the Tax Court expired on January 10, 2019.  
24 See sec. 6213. His petition bears a signature date of  
25 January 7, 2019, and a postmark of January 9, 2019, and is



1 therefore treated as timely filed. See sec. 7502(a)(1).

2 We accordingly have jurisdiction over this case.

3 Trial of this case was conducted in person in  
4 Washington, D.C., on December 13, 2021. Mr. Nelson  
5 represented himself, and Jacob Russin represented the  
6 Commissioner.

7 After concessions, the issues for decision are:

8 (1) whether Mr. Nelson is entitled to deduct on Schedule A  
9 \$3,555 for cash contributions to charity and \$60,267 for  
10 unreimbursed employee business expenses; (2) whether Mr.  
11 Nelson is entitled to deduct on Schedule C \$8,200 for  
12 travel costs and \$37,787 for other expenses; and (3)  
13 whether Mr. Nelson is liable for the addition to tax under  
14 section 6651(a)(1) for failure to file.

15 On the evidence before us, and using the burden-  
16 of-proof principles explained below, the Court finds the  
17 following facts:

18 FINDINGS OF FACT

19 Mr. Nelson resided in Maryland at the time he  
20 filed his petition in this case. (Stip. 1.)

21 Mr. Nelson's employment

22 During 2014 Mr. Nelson was employed as Chief of  
23 Operations for Egyptian Magic Skin Cream, LLC ("Egyptian  
24 Magic"), a business founded by his uncle. (Stip. 3.) For  
25 his job with Egyptian Magic, Mr. Nelson spent time in both



1 Washington, D.C., and Dallas, Texas. His work  
2 responsibilities were to manage production in Washington,  
3 D.C. (which was his principal location for Egyptian  
4 Magic), and bottling and distribution in Dallas, Texas.  
5 Mr. Nelson rented an apartment in Upper Marlboro,  
6 Maryland, which he considered his home, and where he  
7 resided with his girlfriend who lived there year-round.  
8 Because Mr. Nelson spent substantial time working for  
9 Egyptian Magic in Dallas, he rented a hotel room at a  
10 Residence Inn by Marriott in Dallas, beginning in March  
11 2014 through the end of the year. He did not reside in  
12 Dallas full-time during this period, but he reserved and  
13 paid for the Dallas hotel room for extended periods to  
14 take advantage of a reduced nightly rate.

15 Mr. Nelson incurred expenses of \$18,709 for  
16 lodging in Dallas, \$4,910 for air travel to Dallas and  
17 from Dallas to Washington, D.C., and \$6,207 for car  
18 rentals in Dallas. Egyptian Magic did not have a  
19 reimbursement policy for its employees, and Mr. Nelson was  
20 not reimbursed for the expenses he incurred in connection  
21 with his employment. As his bank statements confirm, he  
22 did not receive deposits from Egyptian Magic other than  
23 his recurring salary.

24 Mr. Nelson's Schedule C business

25 Mr. Nelson is the managing member of Swagg Money



1 037 Entertainment, LLC ("Swagg Money"), a limited-  
2 liability company organized under the laws of the State of  
3 Texas that is engaged in the business of musician  
4 services. (Ex. 1-J at 0005.) Swagg Money is a record  
5 label responsible for signing artists, recording, and  
6 marketing their music, booking their concerts, and  
7 planning logistics for their tours. Mr. Nelson tries to  
8 identify promising new artists, invest in them, build  
9 their success, and profit from them in the long term.  
10 Although Swagg Money maintained a Texas business address,  
11 its principal place of business was Atlanta, Georgia.

12 Mr. Nelson's travel

13 In 2014 Mr. Nelson traveled considerably between  
14 Washington, D.C., Dallas, and Atlanta. He also traveled  
15 to Africa and the Dominican Republic for music tours of  
16 Swagg Money artists. He traveled with and managed the  
17 artists. His bank and credit card statements show that,  
18 in 2014, Mr. Nelson spent approximately 3 months in  
19 Dallas, 3 months in Washington, D.C., 2 months in Atlanta,  
20 and 4 months touring outside of the U.S. (3.5 months in  
21 Africa and 2 weeks in the Dominican Republic).

22 Mr. Nelson's pattern of charitable giving

23 Mr. Nelson is a life-long giver to churches and  
24 other charities. In 2014, Mr. Nelson donated \$1,000 to  
25 The Wisdom Center (a church located in Fort Worth, Texas),



1 and the Commissioner does not dispute the deductibility of  
2 that donation. Mr. Nelson also made payments that we  
3 cannot quantify to Edwene Gaines Seminars, LLC, a  
4 spiritual retreat center in Valley Head, Alabama, where he  
5 sometimes spent a week for spiritual refreshment. (Ex.  
6 12-P.) At trial he did not contend that this center is a  
7 qualifying charity under section 170.

8 Mr. Nelson's 2014 Federal income tax return

9 Mr. Nelson was granted an extension of time to  
10 file his Form 1040, "U.S. Individual Income Tax Return",  
11 for 2014, which extended his filing deadline to October  
12 15, 2015. (Ex. 14-R at 0199.) However, Mr. Nelson did  
13 not file his 2014 Federal income tax return until July 18,  
14 2016. (Ex. 14-R at 0199.) Mr. Nelson was aware of the  
15 requirement to file a tax return and of the deadline, but  
16 he did not timely file because he was preoccupied with his  
17 employment and business.

18 On his 2014 Federal income tax return, Mr.  
19 Nelson listed his personal address as his apartment in  
20 Upper Marlboro, Maryland, and gave a business suite  
21 address in Dallas, Texas, on his Schedule C for Swagg  
22 Money. (Ex. 1-J at 0002, 0005.) In the income section of  
23 his 2014 Federal income tax return, Mr. Nelson reported  
24 wages of \$140,000 from Egyptian Magic and a business loss  
25 of (\$61,991) from his Schedule C for Swagg Money. (Ex. 1-



1 J at 0002, 0005.) Mr. Nelson also claimed \$65,258 in  
2 total itemized deductions on Schedule A, mostly comprised  
3 of a claim for \$5,055 in charitable gifts and a claim for  
4 \$60,267 of unreimbursed employee business expenses. (Ex.  
5 1-J at 0004.)

#### 6 Examination and deficiency determination

7 The IRS selected Mr. Nelson's 2014 Federal  
8 income tax return for examination, and fully disallowed  
9 deductions of \$8,200 for travel expenses and \$37,787 for  
10 other expenses claimed on Schedule C, as well as  
11 deductions of \$4,555 for cash contributions to charity,  
12 and \$60,267 for unreimbursed employee expenses claimed on  
13 Schedule A. (Ex. 2-J at 0028.) The IRS mailed to Mr.  
14 Nelson an SNOD on October 12, 2018, setting forth  
15 adjustments to his 2014 Federal income tax return that  
16 resulted in a deficiency of \$19,813, and asserting an  
17 addition to tax under section 6651(a)(1) for failure to  
18 file. (Ex. 2-J.) (The SNOD also determined a 20%  
19 accuracy-related penalty under section 6662(a), but the  
20 Commissioner conceded the penalty in his pretrial  
21 memorandum. (Doc. 28 at 18.)

#### 22 Tax Court proceedings

23 Mr. Nelson filed his petition for  
24 redetermination of the deficiency for 2014 on January 9,  
25 2019. Specifically, he challenges the Commissioner's



1 disallowances of his deductions for unreimbursed employee  
2 business expenses, charitable contributions, and Schedule  
3 C business expenses. As evidence for those expenditures,  
4 he offers copies of receipts (Ex. 3-P) and annotated bank  
5 and credit card statements (Exs. 6-P, 7-P, & 8-P), along  
6 with a detailed demonstrative exhibit cross-referencing  
7 those documents and showing his categorizations of his  
8 expenses (Ex. 5-P).

9 In his pre-trial memorandum (Doc. 28), the  
10 Commissioner conceded that Mr. Nelson's \$1,000 of cash  
11 contributions to The Wisdom Center is deductible and  
12 conceded the section 6662(a) accuracy-related penalty on  
13 the grounds that the IRS did not meet the requirements of  
14 section 6751(b) and this Court's decision in Belair Woods,  
15 LLC v. Commissioner, 154 T.C. 1 (2020), interpreting the  
16 timing requirements of that statute. Accordingly, we  
17 address here the remaining amounts in dispute.

## 18 OPINION

### 19 I. General legal principles

#### 20 A. Burden of proof

21 Generally, the Commissioner's determination of a  
22 deficiency is presumed correct, and the taxpayer has the  
23 burden of proving it wrong. Rule 142(a); see also Welch  
24 v. Helvering, 290 U.S. 111, 115 (1933). Mr. Nelson  
25 therefore bears the burden of proof to substantiate his





1 claimed deductions in this deficiency case.

2 B. A taxpayer's entitlement to deductions

3 When deductions are in dispute, the taxpayer  
4 must satisfy the specific requirements for any deduction  
5 claimed. See INDOPCO, Inc. v. Commissioner, 503 U.S. 79,  
6 84 (1992). Taxpayers must maintain records adequate to  
7 substantiate their income and deductions. Sec. 6001.

8 1. Cash contributions to charity

9 Section 170(a)(1) allows a deduction for any  
10 charitable contribution made within the taxable year to a  
11 donee organization described in section 170(c). This  
12 deduction is subject to statutory and regulatory  
13 substantiation requirements. See sec. 170(a)(1); 26  
14 C.F.R. sec. 1.170A-13. The specific substantiation  
15 requirements depend on the type and size of the  
16 contribution. For monetary gifts, the taxpayer must  
17 maintain "a bank record or a written communication from  
18 the donee showing the name of the donee organization, the  
19 date of the contribution, and the amount of the  
20 contribution." Sec. 170(f)(17). If the amount of any  
21 gift is greater than \$250, the deduction must be  
22 substantiated by a contemporaneous written acknowledgment  
23 from the donee organization. See sec. 170(f)(8); 26  
24 C.F.R. sec. 1.170A-13(f)(1).

25 2. Business expense deductions



1 Pursuant to section 162(a), a taxpayer may  
2 deduct "all the ordinary and necessary expenses paid or  
3 incurred during the taxable year in carrying on any trade  
4 or business." "The term 'ordinary and necessary business  
5 expenses' \* \* \* does not include non-deductible personal,  
6 living, or family expenses." 26 C.F.R. sec. 1.162-17(a).

7 Section 274(d) establishes higher substantiation  
8 requirements for expenses related to travel, meals, and  
9 lodging while away from home, entertainment, gifts, and  
10 "listed property" as defined in section 280F(d)(4),  
11 including vehicles.

12 Section 274(d) provides that no deduction or  
13 credit under section 162 shall be allowed for these  
14 expenses unless the taxpayer substantiates the amount,  
15 time and place, business purpose, and business  
16 relationship to the taxpayer of the person receiving the  
17 benefit for each expenditure by adequate records or  
18 sufficient evidence corroborating his own statements. "A  
19 taxpayer's general statement that expenses were paid in  
20 pursuit of a trade or business is insufficient to  
21 establish that the expenses had a reasonably direct  
22 relationship to any such trade or business." Sham v.  
23 Commissioner, T.C. Memo. 2020-119, at \*58.

24 a. Unreimbursed employee business expenses

25 For 2014 a taxpayer may claim an unreimbursed



1 employee business expense as a miscellaneous deduction on  
2 Schedule A, pursuant to section 162(a). An employee is  
3 considered to be in the business of being an employee and  
4 may deduct expenses that are: (1) nonreimbursable; (2)  
5 related to the employee's trade or business of rendering  
6 services to the employer; and (3) ordinary and necessary  
7 expenses of such a trade or business. See Lucas v.  
8 Commissioner, 79 T.C. 1, 6-7 (1982). Unreimbursed  
9 employee expenses are subject to the itemized deduction  
10 limitation of section 67(a)--i.e., the 2% floor.

11 b. Travel expenses

12 Taxpayers may deduct "traveling expenses \* \* \*  
13 while away from home in the pursuit of a trade or  
14 business." Sec. 162(a)(2). The regulations define  
15 traveling expenses to include "travel fares, meals and  
16 lodging, and expenses incident to travel." 26 C.F.R. sec.  
17 1.162-2(a).

18 For the purposes of section 162(a)(2), a  
19 taxpayer's home is located at his principal place of  
20 business. See Harrington v. Commissioner, 93 T.C. 297,  
21 307 (1989); Daly v. Commissioner, 72 T.C. 190, 195 (1979);  
22 see also Rev. Rul. 60-189. The focus of section 162(a)(2)  
23 is whether the taxpayer is required to travel away from  
24 his home for work. See Commissioner v. Flowers, 326 U.S.  
25 465, 467 (1946).



1           If a taxpayer has two separate posts of duty,  
2 each required by real business necessity, the expenses  
3 incurred at the lesser post of duty are deductible. See  
4 Rev. Rul. 55-604. In determining which location is the  
5 lesser post, we consider the amount of time spent at each  
6 post, the amount of business actually conducted at each  
7 post, and the income generated at each location--none of  
8 which is conclusive. See, e.g., Markey v. Commissioner,  
9 490 F.2d 1249, 1252 (6th Cir. 1974), rev'g T.C. Memo.  
10 1972-154; see also Rev. Rul. 54-147. A taxpayer's tax  
11 home does not transfer to the location of a temporary  
12 assignment that is expected to last less than 12 months.  
13 See sec. 162(a); see also Rev. Rul. 93-86.

14           3.    The "Cohan rule"

15           Where a taxpayer establishes that he actually  
16 incurred a deductible expense, but fails to prove the  
17 specific amount of the deduction, the Court may reasonably  
18 estimate the amount allowable as a deduction. Cohan v.  
19 Commissioner, 39 F.2d 540, 543-544 (2d Cir. 1930). The  
20 taxpayer must lay the predicate for application of the  
21 Cohan rule by establishing that he is entitled to some  
22 deduction, see Norgaard v. Commissioner, 939 F.2d 874, 879  
23 (9th Cir. 1991), aff'g in part, rev'g in part T.C. Memo.  
24 1989-390, and must provide a reasonable basis for such an  
25 estimate, see Vanicek v. Commissioner, 85 T.C. 731, 742-



1 743 (1985).

2           However, where Congress has statutorily provided  
3 for specific, heightened requirements to substantiate a  
4 claimed deduction (as in section 274(d), discussed above),  
5 such requirements control the taxpayer's entitlement to  
6 the deduction. A court may not apply the Cohan rule to  
7 approximate such expenses, see Sanford v. Commissioner, 50  
8 T.C. 823, 827-828 (1968), aff'd per curiam, 412 F.2d 201  
9 (2d Cir. 1969), and we do not do so here.

10           C.    Section 6651(a)(1) addition to tax

11           Section 6651(a)(1) imposes an addition to tax  
12 for failure to file a return before the deadline,  
13 including any extensions. The addition to tax is  
14 triggered when the taxpayer fails to file a return by the  
15 deadline, and adds "to the amount required to be shown as  
16 tax on such return 5 percent of the amount of such tax if  
17 the failure is for not more than 1 month, with an  
18 additional 5 percent for each additional month or fraction  
19 thereof during which such failure continues, not exceeding  
20 25 percent in the aggregate." Id. The addition to tax may  
21 be abated where the taxpayer shows "that such failure is  
22 due to reasonable cause and not due to willful neglect."  
23 Id.

24           II.   Analysis

25           A.    Mr. Nelson's tax home in 2014



1           Mr. Nelson's eligibility to deduct travel  
2 expenses on Schedule A (discussed below in part II.B.1.a)  
3 turns in part on the issue of his "tax home" in 2014. It  
4 is clear on the record before us that Mr. Nelson divided  
5 his time working for Egyptian Magic in Washington, D.C.,  
6 and Dallas, Texas, and that for Swagg Money he worked  
7 primarily in Atlanta, Georgia (when not traveling). The  
8 Commissioner contends that Mr. Nelson's tax home in 2014  
9 was Dallas, Texas, and that accordingly the expenses he  
10 incurred there for travel and lodging should not be  
11 deductible. (Doc. 28 at 15-16.)

12           However, Mr. Nelson testified credibly that his  
13 principal location for Egyptian Magic was in Washington,  
14 D.C., where he supervised employees who were engaged in  
15 production, and that his work in Dallas related to  
16 bottling and distribution of Egyptian Magic's product. He  
17 explained that he reserved a hotel room in Dallas for an  
18 extended period to take advantage of a reduced nightly  
19 rate. Although we acknowledge, as the Commissioner  
20 stressed, that Mr. Nelson's employment in Dallas persisted  
21 throughout 2014, Mr. Nelson's bank and credit card  
22 statements show that he spent only about 3 months of 2014  
23 working in Dallas. Prior to June 2014, Mr. Nelson  
24 traveled to Dallas frequently but often stayed there for  
25 less than one week before either returning to Washington,



1 D.C., or travelling to Atlanta. Mr. Nelson's only  
2 extended stay in Dallas was apparently the 2-month period  
3 from mid-September to mid-November of 2014, after which he  
4 returned to Washington, D.C. Mr. Nelson's work in Dallas  
5 for Egyptian Magic was therefore temporary and lasted less  
6 than 1 year. See sec. 162(a). Moreover, merely  
7 maintaining "housing in . . . a hotel--the quintessence of  
8 transience"-- is not decisive evidence that a taxpayer has  
9 established that location as his tax home. See e.g.,  
10 *Acone v. Commissioner*, T.C. Memo. 2017-162, at \*12.

11           Based on the facts and circumstances before us,  
12 we hold that Mr. Nelson's tax home in 2014 was Washington,  
13 D.C. Mr. Nelson testified that Egyptian Magic's principal  
14 place of business was Washington, D.C., where their  
15 product was produced and where they maintained a corporate  
16 office. Mr. Nelson further testified that his uncle (the  
17 owner of Egyptian Magic) sometimes worked in D.C., but  
18 never in Dallas. Mr. Nelson spent approximately 3 months  
19 working in Washington, D.C. and rented an apartment in  
20 Upper Marlboro, Maryland (approximately a 40-minute drive  
21 from Washington, D.C.), where he resided with his  
22 girlfriend who lived there full-time. His bank and credit  
23 card statements also show recurring charges for utilities  
24 for that apartment. We are persuaded it was his tax home.

25           B. Deductions with heightened substantiation



1                   requirements

2                   1.    Travel expenses and section 274(d)

3                   The IRS disallowed Mr. Nelson's deduction for  
4 travel expenses on Schedules A and C, for lack of  
5 substantiation. (Ex. 2-J.) The disputed deductions for  
6 business travel expenses are subject to the substantiation  
7 requirements of section 274(d) and the regulations  
8 thereunder, which require Mr. Nelson to substantiate the  
9 amount, time and place, and business purpose for each  
10 deduction by adequate records or with sufficient evidence  
11 corroborating his own testimony. To this end, Mr. Nelson  
12 offers receipts (Ex. 3-P), his annotated bank and credit  
13 card statements for 2014 (Exs. 6-P, 7-P, & 8-P), and his  
14 testimony and detailed categorization (Ex. 5-P) regarding  
15 business purpose. Mr. Nelson's receipts, bank statements,  
16 and credit card statements substantiate the time and place  
17 of each amount and are sufficiently specific to  
18 corroborate his credible testimony regarding their  
19 respective business purpose. The exhibits show the names  
20 and locations of hotels used for lodging, and the names of  
21 passengers as well as the departure and destination cities  
22 for flights. The dates of the charges for flights  
23 correspond approximately to the dates of hotel and other  
24 charges on Mr. Nelson's statements to corroborate his  
25 being in the destination cities. We will allow deductions





1 for business travel expenses that are verifiable from Mr.  
2 Nelson's exhibits, to the extent claimed on his 2014  
3 return.

4 a. Travel for Egyptian Magic as an  
5 unreimbursed employee business expense on  
6 Schedule A

7 Given that Mr. Nelson's tax home in 2014 was  
8 Washington, D.C., it follows that he was "away from home  
9 in the pursuit of a trade or business" while in Dallas,  
10 and that he should therefore be allowed deductions for air  
11 travel between Dallas and Washington, D.C., as well as for  
12 the cost of his lodging and car rentals while in Dallas.  
13 See sec. 162(a)(2). Mr. Nelson had a business purpose to  
14 reserve his hotel room in Dallas for an extended period,  
15 because of the indeterminate yet frequent nature of his  
16 travel to Dallas for his work with Egyptian Magic, and  
17 because of the preferential nightly rate that the hotel  
18 offered for extended rentals. Based on our review of his  
19 bank and credit card statements, we determine that Mr.  
20 Nelson incurred expenses of \$18,709 for lodging in Dallas,  
21 \$4,910 for air travel to Dallas and from Dallas to  
22 Washington, D.C., and \$6,207 for car rentals in Dallas.  
23 Accordingly, we will allow him a deduction on Schedule A  
24 of \$29,826 (as compared to the \$60,267 he claimed on his  
25 return) for unreimbursed employee business expenses



1 related to travel while away from home, pursuant to  
2 section 162(a)(2).

3 Mr. Nelson claimed a deduction based on mileage  
4 for business use of his vehicle. He offered no  
5 contemporaneous log of miles driven, nor even a  
6 reconstructed log, but only alleged an unexplained total  
7 of miles. Although his credit card statements do contain  
8 entries for gasoline purchases in Washington, Dallas, and  
9 Atlanta, we are unable to discern the number of miles  
10 driven, the relevant proportion of business or personal  
11 use, and whether Mr. Nelson was using his personal vehicle  
12 or a rental car. Accordingly, we must sustain the  
13 Commissioner's disallowance of Mr. Nelson's deduction for  
14 business use of his vehicle, for lack of substantiation.

15 b. Travel expense for Swagg Money on Schedule C

16 The Commissioner concedes that Mr. Nelson  
17 operates Swagg Money to engage in the business of musician  
18 services for the purpose of making a profit and that he is  
19 entitled to deduct its business expenses and costs of  
20 producing income. The dispute is whether the claimed  
21 expenses for travel and artist support are adequately  
22 substantiated as having been incurred and as relating to  
23 that business purpose. The Commissioner contended at  
24 trial that, because the claimed expenses for artist  
25 support appear to be for travel expenses, they are subject

1 to the heightened substantiation requirements of section  
2 274(d).

3 Mr. Nelson's exhibits as corroborated by his  
4 credible testimony show that he incurred expenses for  
5 himself and his artists to travel for music tours to and  
6 from Atlanta, as well as to destinations in Florida,  
7 Africa, and the Dominican Republic. Mr. Nelson's exhibits  
8 sufficiently prove his claimed deduction of \$8,200 on his  
9 Schedule C for his own travel related to Swagg Money, and  
10 we will allow the full amount of this deduction.

11 Likewise, his exhibits and credible testimony sufficiently  
12 show that he incurred on behalf of Swagg Money artists  
13 \$35,354 in travel expenses, and we will allow deduction of  
14 that amount (as opposed to \$36,000 claimed on the return).

15 However, we view differently the miscellaneous  
16 "artist support" expenses identified in Mr. Nelson's  
17 demonstrative Exhibit 5-P. The amounts tallied there  
18 (totaling about \$57,000) bear no visible relation to the  
19 \$36,000 that he claimed on his return. This miscellaneous  
20 "artist support" consists of alleged money transfers to  
21 artists through Western Union, purchases at retail stores  
22 on artists' behalf, shipping costs to send items to  
23 artists, and ATM withdrawals while out of the country,  
24 identified in Exhibit 5-P and cross-referenced to bank and  
25 credit card statements. We have held that those



1 statements, in conjunction with his receipts and  
2 corroborated by his testimony, are sufficiently specific  
3 to establish the business purpose for the travel expenses  
4 for Swagg Money artists; however, neither those statements  
5 nor Mr. Nelson's testimony are sufficiently specific to  
6 establish the nature and business purpose of these  
7 miscellaneous "support" expenses.

8 2. Cash contributions to charity and  
9 section 170

10 For the remaining \$3,555 of claimed charitable  
11 contributions in dispute, Mr. Nelson was obliged to prove  
12 that the donations were made to an organization described  
13 in section 170(c) and to provide a contemporaneous written  
14 acknowledgment from the donee organization. See sec.  
15 170(f)(8); 26 C.F.R. sec. 1.170A-13(f)(1). No such  
16 evidence appears in our record, so we must sustain the  
17 Commissioner's disallowance of this deduction.

18 C. Liability for the section 6651(a)(1) addition  
19 to tax

20 Mr. Nelson does not make any contention  
21 regarding reasonable cause for his failure to timely file  
22 his 2014 Federal income tax return. At trial, he  
23 testified that he missed the deadline to file his 2014  
24 return because he was busy. Because Mr. Nelson willfully  
25 neglected to file his 2014 Federal income tax return

1 before the deadline, we will sustain his liability for the  
2 section 6651(a) (1) addition to tax, but in a reduced  
3 amount corresponding to our redetermination of his  
4 deficiency for 2014.

5 III. Conclusion

6 We hold that Mr. Nelson is entitled to a  
7 deduction of \$29,826 on Schedule A for unreimbursed  
8 employee expenses related to travel while away from home.  
9 We likewise hold that Mr. Nelson is entitled to deductions  
10 on his Schedule C of \$8,200 for travel and \$35,354 for  
11 artist support related to travel. The claimed  
12 contributions to charity, beyond those conceded by the  
13 Commissioner, must be disallowed for lack of  
14 substantiation. And we sustain Mr. Nelson's liability for  
15 the section 6651(a) (1) addition to tax for failure to file  
16 timely. So that the parties can recompute the liability  
17 in light of this opinion, decision will be entered under  
18 Rule 155.

19 This concludes the Court's oral Findings of Fact  
20 and Opinion in this case.

21 (Whereupon, at 2:25 p.m., the above-  
22 entitled matter was concluded.)

23

24

25

