

locations is \$2. See 41 C.F.R. sec. 301- 7.12(a)(2)(i) (1994 & 1996). The portion of the M&IE rates that is attributable to incidental expenses incurred in any other location varies from \$1 to \$53, depending on the M&IE rate for that location. See 41 C.F.R. ch. 301, app. B (1994 & 1996). We believe that petitioner's deductions for his incidental expenses are limited under the travel regulations, which are incorporated by reference into the revenue procedures, to the incidental expense portion of the applicable M&IE rate. ¹⁰ See 41 C.F.R. sec. 301-7.12(a)(2) (1994 & 1996), which provides that the M&IE rate must be reduced "When all or part of the meals are furnished at no cost or at a nominal cost to the employee by the Federal Government".

We note that taxpayers such as petitioner need not limit their deductions to the incidental expense portion of the M&IE rates. *Specifically, taxpayers, to the extent that the amounts set forth in the revenue procedures fail to reflect the actual cost of their incidental expenditures, are entitled to a deduction for their actual expenses. In such a situation, however, taxpayers must be prepared to meet all the substantiation requirements, including, especially, written*

¹⁰ Petitioner argues that his deductions at these rates should not be subject to the 50-percent reduction for meals and entertainment. We agree. The Rule 155 computation should reflect a deduction of the entire amounts of the M&IE rates which are attributable to incidental expenses.

documentation as to the amounts of those costs. But see sec. 1.274-5T(c)(2), Temporary Income Tax Regs., 50 Fed. Reg. 46017 (Nov. 6, 1985) (written documentation generally not required for any expenditure less than \$25); Notice 95-50, 1995-2 C.B. 333 (notifies taxpayers that sec. 1.274- 5T(c)(2)(iii)(B), Temporary Income Tax Regs., 50 Fed. Reg. 46019 (Nov. 6, 1985), will be amended to provide that no receipts are required for expenditures less than \$75 which are incurred after Oct. 1, 1995). ¹¹ *Accord 41 C.F.R. sec. 301-11.25 (1998) (a traveler must provide "a receipt for any authorized expense incurred costing over \$75, or a reason acceptable to your agency explaining why you are unable to provide the necessary receipt").*

We have considered all arguments in this case. Those arguments not discussed herein are without merit or irrelevant. To reflect the foregoing,

Decision will be entered
under Rule 155.

¹¹ The record does not allow us to apply either of these provisions. In particular, we note that petitioner has not specified the dollar amounts which he actually paid for any of his incidental expenses.