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AOD 2022-2: IRS nonacquiescence to Eleventh Circuit's decision, relocation benefits provided by railroad to employees

An Action on Decision (AOD) 2022-2 reflects the IRS nonacquiescence to a November 2021 decision of the U.S. Court of Appeals for the Eleventh Circuit.

The Eleventh Circuit concluded that relocation benefits provided by a railroad to its employees were exempt under the Railroad Retirement Tax Act as “bona fide and necessary expenses incurred” by the employee in pursuit of the employer’s business, and as such, there were no requirements to prove or substantiate anything beyond compliance with the statute. The case is: *CSX Corp. v. United States*, 18 F.4th 672 (11th Cir. 2021).

AOD 2022-2 appears in [Internal Revenue Bulletin 2022-12](#) [PDF 680 KB] (March 21, 2022).

Eleventh Circuit’s decision

The matter before the Eleventh Circuit was an appeal of a federal district court’s grant of summary judgment in favor of the government that relocation benefits for the railroad’s employees, although incurred in the business of the employer, were not substantiated. The government asserted that the benefits were not incurred in the business of the employer, but if they were, that the case needed to be remanded to determine which substantiation requirements apply.

The Eleventh Circuit in remanding and vacating the summary judgment order, concluded that because the benefits were bona fide and necessary expenses incurred by the employee in the railroad’s business, there was no requirement to prove or substantiate anything beyond compliance with the statute.

Read the Eleventh Circuit’s [decision](#) [PDF 170 KB]

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