

Please complete this statement after reviewing the attached information and *(as you think appropriate)*, reviewing your answers on the attached Worksheet with your tax advisor. You must complete a new statement before the beginning of each new assignment. **If the basis for your representation of your tax home status on this form changes during the course of an assignment, you must notify the Company immediately.** If the circumstances warrant, the Company reserves the right to inquire into or audit the accuracy of your response and to ask for additional information from you. The information provided to the Company on this form should agree with what you would tell the IRS *(or any state or local taxing authorities)* if you were audited.

Personal & Location Information:

Name: _____ Date of Assignment: (start/end) _____
 Facility: _____ Facility Location: _____
 City: _____ State: _____ Zip Code: _____

Please Complete the Following:

1. Check the applicable box and provide the requested information:

- I have a permanent address. *(Provide below)* **OR** I do not have a permanent address. I understand that any lodging and meal allowances I may receive will be treated as taxable wages.
- Street: _____ Apt. #: _____
 City: _____ State: _____ Zip Code: _____

2. If you have elected "I have a permanent address" in item #1, you are required to check the applicable box below:

- I represent in good faith that I have a tax home **OR** My permanent residence does not qualify as a "tax home" *(as described in the attached materials)*. I understand that any lodging and meal allowances I may receive will be treated as taxable wages.
- (as described in the attached materials)* at the location listed above as my permanent address.

3. If you indicated above that you have a "tax home," you must keep sufficient written proof to support this fact and you agree to make supporting materials available to the IRS, state taxing authorities and/or the Company upon request. If you check the box below indicating that you lease/rent property at the address above, the IRS may confirm this information by reviewing the Form 1040 (Schedule E) filed by the landlord which is required to report rental income. Please check the applicable box below:

- I own *(or jointly own)* a residence at the address above and have a deed, bills for property taxes and utilities, and/or proof of payment of such bills. **OR** I lease/rent *(or jointly lease/rent)* a residence at the address listed where I continue to incur substantial living expenses.

4. Check the box, if applicable:

- I have a tax home *(as described in the attached materials)*, but I request that you tax any meal and lodging expenses that I am qualified to receive, to avoid any need for me to calculate offsets from my tax return deductions for these expenses.

5. Check the applicable box and provide the requested information:

- My mailing address is the same as my permanent address listed above. **OR** My mailing address is different from my permanent address listed above *(e.g. P.O. Box, etc.)*. *(Provide below)*
- Street: _____ Apt. #: _____
 City: _____ State: _____ Zip Code: _____

I authorize the Company to provide this form, as requested, to any facility where I may be considered for an assignment, the Internal Revenue Service and to state and local taxing authorities. I understand that false representations made on this form may subject me to taxes, penalties and interest payable to the Internal Revenue Service, and state and local taxing authorities, for which I agree to take full responsibility.

I acknowledge and agree that this Tax Home Statement contains complete and accurate information regarding my "tax home" status and that it supersedes all previous oral and written representations by me to the Company regarding the subject matter herein. I understand that the Company will be relying on the information provided by me herein to determine if I may qualify for lodging and meal allowances and, if so, whether those benefits should be taxable. By signing in the space provided below, I certify that I have read and understand the information regarding requirements of claiming a "tax home."

Signature _____ Date _____

The Tax Home Treatment of Lodging and Meal Allowances

1. What is a permanent residence?

A permanent residence is your personal home to which you intend to return at the end of your temporary assignment. It **is not** a post office box or other place where you pick up mail or from which you have mail sent to you but where you do not actually stay for significant periods of time.

2. What is a "tax home"?

The tax treatment of any lodging and meal allowances you receive from the Company will depend, in part, on whether or not your permanent residence qualifies as a "tax home." If you are traveling for business away from your "tax home," the value of lodging and meal allowances that you receive will not be considered wages for federal tax purposes. However, if your permanent residence does not qualify as your "tax home," the value of the lodging and meal allowances must be treated as taxable wages and subjected to payroll taxes, such as income tax withholding and FICA (*Social Security and Medicare*) taxes.

Generally, a taxpayer's "home" for federal tax purposes is the city or location of his or her principal place of business and not where his or her personal residence is located (*if that residence is in a different location*). However, a taxpayer without a principal place of business may, under certain circumstances, treat the location of a permanent place of residence at which he or she incurs substantial continuing living expenses as his or her tax home. If a taxpayer has neither a principal place of business nor a permanent place of residence, a taxpayer has no tax home to be "away from." Such taxpayer's tax home is wherever he or she happens to be and they are considered to be itinerants. Itinerants are never considered to be in travel status, and therefore any lodging and meal allowances these individuals may receive must be taxed as wages.

Full-time traveling healthcare professionals are not likely to have a principal place of business. Therefore, the tax treatment of your lodging and meal allowances will depend on whether or not you have a permanent place of residence that satisfies the legal definition of a "tax home." This determination is based on the facts specific to you. A "tax home" is not necessarily the location where you reside for the majority of the year, because there are other factors to be considered.

Also, if you are a green card holder, since you must certify that you intend to stay in the United States, you should not consider any residence in your former foreign country as your "tax home."

3. What does it mean to be "away from" your tax home?

The U.S. Supreme Court has held that a taxpayer must be "away from home" to deduct travel expenses or to receive tax-free lodging and meal allowances from his or her employer. This has been determined to mean that a "sleep or rest rule" or "overnight rule" must be satisfied. This requirement is satisfied if the taxpayer must be away from home for "substantially longer than an ordinary day's work, the employee cannot reasonably be expected to make the trip without being released from duty for sufficient time to obtain substantial sleep or rest while away from the principal post of duty, and the release from duty is with the employer's tacit or express acquiescence."

The courts, in considering questions involving deductions for travel expenses, have frequently stated that each case must be decided on its own particular facts. Furthermore, there appears to be no set distance requirement for what constitutes "away from home." Federal tax law requires state legislators to reside 50 or more miles from the capitol building of the state in order to deduct travel expenses and this could be a point of reference for concluding a traveler is away from home when coupled with an overnight stay, however, we advise you to consult with your tax advisor when making this determination.

Therefore, you will not be considered as being "away from home" if your temporary assignment for the Company is located within a reasonable commuting distance of your "tax home." If your permanent residence is within a reasonable commuting distance of your work location, you are not entitled to receive lodging and meal allowances.

4. If I have a permanent residence, does it qualify as a "tax home?"

For a permanent residence to qualify as your "tax home," it must be a residence where you (*or your spouse*) incur substantial and continuing residence-related expenses (*such as mortgage/taxes on a home you own, rent, utilities, etc.*) **and**

- (a) where you have a member or members of your family (*marital or lineal only*) currently residing or which you use often for lodging; **or**
- (b) where you periodically perform business activities (*work, seek jobs, or conduct on-going business*).
(*Revenue Ruling 73-529.*)

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In addition, a residence will not qualify as a 'tax home' if your parents or other relatives pay all of the residence-related expenses. While the "tax home" requirement of "substantial and continuing residence-related expenses" is not fixed at a specific amount, a good rule of thumb is that residence-related expenses of at least \$250 per month could satisfy this requirement. Additional factors can be considered in deciding whether your residence is a 'tax home.' For example, if the location of your residence is where you pay state and local income taxes, are registered to vote, and have a current driver's license, these factors would be viewed as supporting your position that your residence is your tax home under the test explained above.

Since the determination of whether or not you have a "tax home" is extremely factual, the Company will not be able to assist you in evaluating your personal tax situation. A sample Tax Home Identification Worksheet is provided at the end of these materials. However, if you have any questions concerning whether you have a "tax home," you should consult your tax advisor.

5. How long can I work at a location and still receive tax-free travel benefits?

A taxpayer can only receive tax-free lodging and meal allowances if the travel away from home is "temporary." Under the "one-year rule," a work assignment exceeding one year in length at the same location or an assignment expected to exceed one year in length at the same location is not temporary under IRS rules. (*The IRS considers one year as the time in which it is reasonable to assume that the individual would relocate to the new work location*).

The critical question is whether the employee is working within the same general location for more than one year. In other words, even if the employee changes employers or assignments, but continues to work within the same general location, the "one-year rule" continues to apply. Assignments located within the same metropolitan area or within 50 miles will be treated as within the same general location for purposes of this one-year rule.

As mentioned, an employee's lodging and meal allowances become taxable from the moment it is reasonable to believe that he or she will be at that location for more than one year. Accordingly, lodging and meal allowances could be taxed before the employee has been at the location for 365 days. For example, if at the end of a seven month assignment, an employee signs a contract for another seven month assignment, the employee's lodging and meal allowances are taxable at the commencement of the second assignment.

The Company will automatically begin taxing your lodging and meal allowances once a work assignment at a single location is extended or renewed beyond the one-year limit.

Since the determination of whether or not you have a "tax home" is extremely factual, the Company will not be able to assist you in evaluating your personal tax situation. A sample Tax Home Identification Worksheet is provided at the end of these materials. However, if you have any questions concerning whether you have a "tax home," you should consult your tax advisor.

6. If I am approaching the one-year limit may I take a break between assignments and return to work at the same location and still receive tax-free lodging and meal allowances?

If an employee has a significant break-in-service between two assignments, the time period for counting the one-year rule restarts. Unfortunately, there is no firm guidance from the IRS on what constitutes a significant break-in-service.

The IRS has indicated, however, that a three-week break will not 'restart the clock,' but that a seven-month break is considered significant and will 'restart the clock.' The IRS has not provided any guidance on breaks-in-service between these two extremes. Therefore, you need to take a reasonable break in service necessary to 'restart the clock' under the Internal Revenue Code. Please note, however, that in order to 'restart the clock,' there can be no agreement in place guaranteeing work to you at the prior work location once the break-in-service is completed.

7. May I receive tax-free lodging and meal allowances for an indefinite period of time?

Although the one-year rule limitation does not apply to situations in which an employee is on assignment away from home in more than one location, an employee's lodging and meal allowances may not be treated as excludable from wages for an indefinite period of time. In these situations, all the facts and circumstances must be considered to determine whether the taxpayer still has a tax home or whether he has become an itinerant. If an employee travels continuously for more than two and a half years, he or she is unlikely to satisfy the "tax home" requirements that the claimed permanent residence is used "often for lodging" or the requirement that the claimed permanent residence is a place "where you periodically perform business activities." Accordingly, in situations where an employee has traveled continuously for more than two and a half

The Tax Home Treatment of Lodging and Meal Allowances

years without a substantial documented return to the location of the claimed tax home, the Company will tax the employee's lodging and meal allowances as wages. *Please note that if you work for the Company or any of its affiliate continuously, then the two and a half year rule will apply to all of those cumulative assignments.*

8. May I claim deductions for travel expenses on my own income tax return?

You are entitled to claim itemized deductions for expenses on your own tax return to the extent they exceed any tax-exempt reimbursement that the Company pays, but only if you limit the deduction to the IRS-specified meal and incidental allowance for the places you work, or if you retain substantiation for all lodging expenses, and for any meal and incidental expenses that exceed the federal meal and incidental allowance. (*Rev. Proc. 2008-59, Sec. 7.05.*) To eliminate any need to offset your deduction for the allowance amounts paid by the Company, you may want to request that the Company tax your meal and incidental and lodging allowances (*by checking the box provided on the Tax Home Questionnaire*).

State Income Tax Issues

1. Will my wages be subject to state income taxes for work at my temporary assignment?

Yes. If the location of your temporary assignment has a state income tax, the wages you receive will be subject to state income tax withholding because you are working in that state. Certain neighboring states have reciprocity agreements that exempt residents from nearby states from state income taxation. Absent such an agreement, the Company will withhold state income taxes on the income earned at the temporary work-site location. Where the temporary work-site location has no income tax or a tax rate lower than your residency state, your residency state may require additional income tax withholding. Some residency states require withholding regardless of the withholding at the temporary work-site state. Regardless of whether additional withholding is required, your state of residency will subject all of your out-of-state income to taxation. However, your state of residency will generally provide you with a full or partial credit for state income taxes paid to other states when you file your annual state income tax return.

2. Will I be required to file a state income tax return for work at my temporary assignment?

Generally, you will be required to file a nonresident state income tax return with respect to the wages you received for working at the temporary assignment. Since this may complicate your year-end tax filings, you should consider seeking a tax professional to assist in the preparation of your returns.

This worksheet is provided to assist you in determining whether your residence qualifies as a "tax home" as defined by the IRS in Revenue Ruling 73-529, and therefore determine the taxability of the lodging and meals allowances provided to you or paid on your behalf while on assignment. Because of the critical nature of this determination, we encourage you to consult with a tax advisor. This worksheet is for your personal use and should not be returned to the Company.

Check the Applicable Box:

- YES NO 1. Do you perform part of your business or work (or actively pursue job opportunities) at or near your permanent tax home? (You cannot answer "yes" if you have stayed away from this location for over 2-1/2 years.)
- YES NO 2. Do you or your spouse make significant contributions towards your living expenses (mortgage, rent, utilities, property taxes, etc.) to maintain the permanent tax home while away from home on assignment (not counting contributions by your parents or other support-providers)?
- YES NO 3. Do you meet one or more of the following criteria regarding your permanent tax home?
- YES NO a. Have a member of your family (spouse, child, or parent) residing with you in the permanent tax home?
- YES NO b. Use the permanent tax home frequently for lodging?
- YES NO c. Have significant personal ties to this tax home that you have not abandoned?

If you answered **"YES" to all three** questions above, then you have a permanent residence that qualifies as a "tax home" and you should provide this address under Item #1 on your Tax Home Statement.

If you answered **"NO" to two or more** of the three questions above, then you do not have a permanent residence that qualifies as a "tax home" and you should indicate that on Item #2 of your Tax Home Statement.

If you answered **"YES" to two** of the three questions, then you should consider the following additional facts and circumstances to determine whether you have a permanent residence that qualifies as a "tax home" (and consult a tax advisor about your answers to the Tax Home Statement)

Check the Applicable Box:

- YES NO 4. Is the permanent home address your address of record for filing your income tax returns?
- YES NO 5. Do you have telephone service at your permanent residence or is it your primary mailing address?
- YES NO 6. Are your auto license plates and driver's license registered in the city of your permanent address?
- YES NO 7. Is your permanent address the address of record for your professional license(s)?
- YES NO 8. Is your banking relationship with a bank in the vicinity of your permanent residence?
- YES NO 9. Do you vote at a precinct in the vicinity of your permanent residence?
- YES NO 10. Do you have church, club, or other associations in the vicinity of your permanent residence?

Evaluate your Commuting Distance:

- YES NO 11. Are you on an assignment within a typical commuting distance from your permanent tax home?

Commuting is generally referred to as driving within your metropolitan area or broader rural geographic area to work daily. It is what a third party would typically recognize as a reasonable daily commute for the area where your permanent tax home is located. By way of example only, a reasonable one-way commuting rule could be as long as 75 miles or 2 hours in an urban area and 100 miles or 2 hours for a rural area.

If you answered **"YES" to Question 11** above, then any transportation, lodging and meal allowances provided to you must be treated as taxable compensation.