

PRO-DIEM, INC.

The Travel Expense Experts

Revised 03/04/05

Tax Preparer's **Easy** Reference
For Supplying Necessary
Data For Calculation
Of Pilots And Flight Attendants
Government Allowed Travel Expenses.

DEPEND ON US FOR EXPERT PER DIEM CALCULATION

<http://www.pro-diem.com/>

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We Pride Ourselves on Being a

Tax Preparer's Best Resource!

Due to the complexity of the Revenue Procedures and their application to a crewmember's flight data it is very difficult and time consuming for a tax preparers to try to calculate expenses. In order to calculate amounts properly tax preparers must be familiar with time conversions between local and Zulu, daylight savings times, flight rules, and rates for each city around the world. These must be calculated not only for the year involved but also specifically for each and EVERY day of the year. Training issues and rules regarding ground times and layovers are additional considerations that require expertise when calculating these expenses. Needless to say, travel expense calculation for pilots and flight attendants is definitely a data processing function, which most CPA and tax preparers prefer to leave to the experts. That's where Pro-Diem comes in.

Pro-Diem, Inc. is the expert in calculating these amounts! We do not do taxes - we specialize in calculating the travel expenses for crewmembers. We are familiar with each airlines format. We understand how the trips work and how to calculate the exact amount allowed. We understand training and temporary duty assignments and know which trips can and cannot be claimed. We do the time conversions necessary so that your client will receive the accurate partial days allowed. A perfect example of this would be a trip that appears to the untrained eye to be perhaps two days in length. When PRO-DIEM calculates the time conversions (i.e. Northwest is in Local date but Zulu time on their crew member reports), it turns out that the trip may have touched three if not four days! And at \$50.00-150.00 & up per day, those days shorted can really add up! What we save your client by calculating the partial day portion and training correctly more than covers our modest fee. So imagine the savings for your client based on a whole years worth of flying.

Let us help you do the best job you can do! You owe it to your clients to use Pro-Diem! You will both be glad you did. You will have something solid to show for the expense amounts. Our detailed report would allow the IRS to verify each days expense amount easily, allowing for immediate approval if ever necessary. We have a 100% success rate with the IRS and are often called upon to assist when a crew member gets audited and/or has had their expenses calculated by someone else incorrectly.

Our name is well recognized with crewmembers at all of the airlines. They KNOW we are the best. Your client's mind will be eased when they know that you have entrusted their per diem calculation to the experts. Join the growing list of Tax Preparers who insist on using Pro-Diem, Inc.

Following is a guide showing the data we require from each airline. This reference guide will allow you to see at a glance exactly what you need your client to provide. You can then forward this information to PRO-DIEM, Inc. via regular mail, EMAIL or fax. Payment may be made by check and mailed or made via credit card on our website. Please feel free to contact me personally if you have any questions.

Aundrea Reel
Pro-Diem, Inc
President

Most airlines have their own way of showing what their crew members flew for each month, some are better about it than others. The following is a guide to help you gather the correct information from your pilot or flight attendant client. If their company does not supply data, we request that a flight log be filled out. The flight logs are available on our “download” page at www.pro-diem.com. The version of the log your client should use depends on which spreadsheet program they have on their computer (i.e. Microsoft Excel or Microsoft Works etc.) and whether or not they flew primarily internationally or domestic or had a lot of flight legs in one day. After the client fills it out and emails it to you, it can be forwarded to us for processing. Please call us for advice if you are not sure which to have your client use.

AIR NIPPON

Client will need to download our Flight Log sheet and enter their information into it.

AIR WISCONSIN

Client will need to download our Flight Log sheet and enter their information into it.

ALASKA

Client will need to download our Flight Log sheet and enter their information into it.

ALOHA

Client will need to download our Flight Log sheet and enter their information into it.

AMERICAN

Crewmembers can now pull up a calendar at the end of each flight month and save all 12 of them for us. We hope that American will start allowing yearly storage of this flight data as most airlines do, but until then crewmembers must remember to save them! This will be the preferred method next year! It works well for both pilots and flight attendants. See instructions below for obtaining calendars!

In the meantime, **we have located another source for flight data** that works great for pilots. They can get the information from their APA website. They can pull up each month (going back several years!) and you can send the sheets to us. It works great for domestic and international.

Flying history can be found on the APA website

To do this:

Go to APA Home page

On the top tab select National Committees

Continue with selecting More Committees

(drops down really low on your screen – under legislative committees – use slide bar see “more committees”

Select TASC

Click on “Pilot Services Bar” across the top

Select “Previous Months Flying”

Select requested “Month and Year” you wish to retrieve

Click on “Retrieve Month” Button (slow to pull up)

then Click “view all HSS” for month

Print out all twelve months and mail to us with your check for fifty dollars. If they were in training at any time please let us know where and when so that we can give credit if credit is allowed.

If crewmember had an entire month off for whatever reason let us know so that we do not delay processing report to find out if it was left out in error.

Here's how to the get HI2 CALANDERS FROM AMR:

Go to AA Flight Service

click on "Sabre"

*From the drop down box click on **HI2 CALENDAR**. Their previous month is only available until around the 14th. They may use the **HI1 Calendar** for their current month ONLY after they have finished flying for the month. A calendar with square blocks will come up with their sequences listed below it. Click on PRINT! They might also download the file to a folder they you have created to organize their*

monthly printouts.

Saving your HI-3's after each trip is a very good idea!

For Flight Attendants, I have been told that the needed information is available by calling the Pay Comp department and requesting "VIP CREW" sheets with their line showing out and in times. Their base administrator might also have the required information.

Saving the H2 calendar every month works great, but you have to be diligent about pulling it up. Then you would only need to send us the twelve sheets at the end of the year!

Regarding clients wanting to use "PAYSHEETS" to calculate allowance:

PLEASE NOTE: The portion listed as "AL" on your sheets is not what you are allowed for expenses as of Oct 15, 2002, according to Revenue Procedure 2002-63 pursuant to section 4.03, which states said transportation workers are subject to calculating expenses as per section "6.04 (1) which state:

"The rate may be prorated using the method prescribed by the Federal Travel Regulations. Currently the Federal Travel Regulations allow **three-fourths** of the applicable federal M&IE rate for each partial day during which the employee or self employed individual is traveling away from home..."

Section 6.04 allows for the employer to choose method (1) or (2) which allows for the employer to pay expense on the half day. Please note that this refers to the EMPLOYER, not the crewmember. The revenue procedure states clearly that the employee MUST use option (1) only.

What does this mean? It means that if you use the amounts listed as "AL" on your pay sheets you will be significantly over claiming your expenses and possibly setting yourself up to be disallowed in an audit. The Tax comp department at American is aware of the problem, as is the IRS. We were told specifically by the writer of the

new IRS revenue procedure that we could not add the half day portions even though they appear to be what AMR lists as your allowable expense for each trip when totaling our clients expenses. Doing so would result in claiming the wrong amount!

We were told that individual crew members should contact their pay comp department at his/her base for more detailed information on when these items will be corrected or deleted entirely from showing up on their pay sheets. One crewmember from American was sent an email telling them that the 3/4 day rule was purely the preference of Pro-Diem. This is not accurate! You can verify this information by calling the current office of the Associate Chief Counsel of Income Tax and Accounting. The number is (202)622-4930 and the current author is Christian Wood..

AMERICAN EAGLE

Client will need to download our Flight Log sheet and enter their information into it.

AMERICAN TRANS AIR

Client will need to download our Flight Log sheet and enter your information into it. We recommend the form for domestic travel due to the numerous flight legs done at ATA.

ATLAS

Client will need to go into their Crew Access to "AIMS" and pull up each month. Then they will need to pull up the trip details for those flight listed.

CONTINENTAL

Flight Payroll Registers. If they are missing any, you may pull the information up in their Company Computer Access.

If they need instruction on how to do this you can copy and forward to them the following instructions.

To do this, *log into CCS2*

Go to SCHEDULE

From drop down menu select PAY

From drop down menu select FINAL PAY REGISTER

Pay registers for the years 2002 and 2003 will show available

Click on PAGE 1 to pull up each month (January-December). Select printable format and PRINT each month.

Change your printer setup to LANDSCAPE; using PORTRAIT setting on your printer

will cause the data on the right side of the page to be cut off!

Your payroll department will also be of assistance to you if you do not have computer access.

CUSTOM AIR TRANSPORT

Client will need to download our Flight Log sheet and enter their information into it.

DELTA

Rotations. We need copies of all of their rotations. You may wish to recommend that they simply keep track of their data in our Flight Log sheet instead of having to copy so many sheets of paper! It is really a simple process and will provide simple format to keep track of their flight data. It will also help save from having to mail about 5 pounds of paper, **as we will not accept faxes of Delta's rotations!**

FEDERAL EXPRESS

Trip Summaries. Client must send their actual PAIRINGS **not their Recaps**. Repeat that: NOT THE RECAPS! We recommend client try to copy and paste data into a word processing file so that you won't have to send a sheet for each trip. Either way is fine.

GEMINI

Crew Trac Pairing Printouts work great! Clients can download them and print them out. If they cannot log in to Crew Trac they can you can still use the following method if they need to.

Crewmember Payroll Form They **must** list the 3-letter identifier for each leg. Usually in a column off to the side works best. We apologize for the inconvenience, but **we cannot use 4 letter identifiers**.

HAWAIIAN

Flight Sheets

HAX, IASCO

Monthly Flight Time Records Client will have 12 months. They are available in basically 2 formats - most notable difference being that one lists the "in" flight time before the "out" and the other lists flight time in the more western thought process of "out" then "in" time. We can use either, but prefer to have the more logical out then in. If they are missing a month, feel free to substitute a copy of the month in the other format, we WILL notice and adjust accordingly.

JAPAN AIRLINES

Monthly Flight Time Records Client will have 12 months. They are available in basically 2 formats - most notable difference being that one lists the "in" flight time before the "out" and the other lists flight time in the more western thought process of "out" then "in" time. We can use either, but prefer to have the more logical out then in. If they are missing a month, feel free to substitute a copy of the month in the other format, we WILL notice and adjust accordingly

JAZ

Monthly Flight Time Records Client will have 12 months. They are available in basically 2 formats - most notable difference being that one lists the "in" flight time before the "out" and the other lists flight time in the more western thought process of "out" then "in" time. We can use either, but prefer to have the more logical out then in. If they are missing a month, feel free to substitute a copy of the month in the other format, we WILL notice and adjust accordingly

JET NET

Client will need to download our Flight Log sheet and enter their information into it.

KALITTA

Client will need to download our Flight Log sheet and enter their information into it.

KLM

Chronologisch Overzicht. Yes, we can decipher the print in Dutch.

MESA

Client will need to download our Flight Log sheet and enter their information into it.

NORTHWEST

Crew Member Activity Reports. These are the grey monthly printout they receive from NWA. If client is missing any of these, they can pull the *missing* information up in ACCESS and supplement for the months that they do not have. Remind them to pull up actual flight times after pulling up the month's summary. Access usually allows them to go back only 14 months. It is important for them to gather their data early and make sure they are not missing any months. If they are, they may have to pay NWA \$12.50 per sheet to replace them! Even if they must pay for the copy, it will usually save them MUCH more than the \$12.50 and is still worthwhile. When checking to see if data is complete, please **refer to the dates the trips were flown** not the date on the bottom right of their activity sheets. For example: March flight Activity is paid in April so that report might be dated 07 Apr 2003. We would consider the month to be the month the flights were FLOWN not when they were paid!

Their ACCESS data will be in Local Date and Local Time, which differs from their Crew Reports. This is just fine. We will take care of the necessary time conversions. Always recommend client get data for free from ACCESS if they can. If your are trying to get information from prior to fourteen months, client will have to request that from NWA. They can call 1-800-NWA-4PAY or log into RADAR and do it.

If they need instructions on how to do this you can copy and forward to them the following instructions.

TO GET FLIGHT DATA FROM NWA PAYROLL:

Log into Radar
Once in Radar:
Pull up FORMS
Request DUPLICATE COPY REQUEST
CHECK BOX for payroll deduct

TO GET FROM NWA ACCESS:

Client can usually go back fourteen months. We recommend that they review their crew reports in January to see if they are missing any of them. It will save them \$12.50 per sheet if they pull them up themselves while they are still in the computer instead of having to pay NWA for a copy later.

Here's how:

Log into Access
Go to CREW
Go to LINE

Your current month will show. At "next function" you will enter "m"(move) "month" "year"; no spaces in between. Example: if you are missing Jun of '03 you will enter: mjun03

The month requested will appear and you should screen capture it or print it. You MUST then tab to the beginning of each pattern and type an "s" (show) in front of the date and hit enter. This will then display your actual flight times. The times will show in Local date and Local time, this is not a problem. We will do the time conversions automatically. Screen capture and print.

ATTN: If you had training out of base during any months submitted in ACCESS format please note your travel to and from training.

TIP: If you place "s" in front of the dates first before you enter, they will show in order by date as you hit enter then return etc. This will make pulling up a whole month fast.

OMNI

Monthly sheets with 31 columns

POLAR

Payroll Claim Form. Please select "spreadsheet" from the Options drop down box and send to us in the spreadsheet version not the word version.

UNITED

Client will need to download our Flight Log sheet and enter their information into it

UNITED PARCEL SERVICE

Flight Payroll Registers They will have **13** pay periods for the year. Be sure to include all of the register sheets.

Please don't ask us to accept an entire flight year via email or fax unless you are in a bind, we apologize for this but it simply not feasible for us to print out 40-70 pages of flight data. Aside from the number of pages, the numbers are VERY difficult to read as it is and faxing them compromises the quality too much and we simply cannot read them! Request that your client print them. They must change their printer setup to LANDSCAPE; using PORTRAIT setting on their printer will cause the data on the right side of the page to be cut off.

USAIR

Client will need to download our Flight Log sheet and enter your information into it.

WORLD AIRWAYS

Even though their company supplies crewmembers with a Pairing Print Report, we are **not** able to process those sheets. They will need to download an elog from our download page. We recommend the one for domestic and /or those with many flight legs if they flew a lot of legs in a day. We recommend just filling it in as you go throughout the year.

OTHER EXPENSE SUGGESTIONS FOR CREW MEMBERS

We provide these suggestions only as a guide as other factors may apply. These are for items that are not included in our total. They are to be placed in Column A on form 2106.

Work Related Expenses

FAA medical exam
Passport application fees
Passport photo
Foreign visa costs
Education fees for second language
Union dues
Logbook or organizer
Batteries
Bid service fees (do not include the cost of
Services available to the general public)
Cockpit and jet bridge keys
Company business cards
Headset for cockpit
Corkscrew
Manuals
Flashlight
Kit bag
Luggage
Garment bag
Currency converter
Special company assessments (i.e. merger etc.)
Pager rental fee (job required)
Flight supplies/equipment
Safety equipment (job required)
Business related long distance calls
Professional publications
Voltage converter
Mail expenses (company related)
Luggage tags
Pager (for job related use)
Portable electronics (i.e. clock, blow dryer, door alarm)

ATM fees on layovers
Cost of taxi cab fares on layovers (do not include tips)

Uniform Expenses - *must be able to identify your occupation to the casual observer

Home dry cleaning expenses of uniform
Alterations
Belt
Cleaning cost while on trips for reports starting in 2003
Uniform essential clothing (i.e. jacket, pants, dress, sweater, skirt, blouses)
Epaulets
Scarves
Hat
Coat
Shoes
Support hose
Repairs of shoes, luggage, clothing
Uniform accessories - (airline logo items and wings)
Watch

