



# Moving Expenses



## Deductibility Tests

Moving expenses may be deductible on Form 1040 if a taxpayer moves to a new home because of a new principal workplace. The following tests must be met.

### Closely Related to the Start of Work Test

The move will be considered closely related to a new work location if the move is within one year of the date the taxpayer started working at the new location, and the distance from the new home to the new job location is not more than the distance from the old home to the new job location.

### Distance Test

The new principal workplace must be at least 50 miles farther from the taxpayer's old home than the old workplace was. For example, if the old workplace was three miles from the old home, the new workplace must be at least 53 miles from the old home. If the taxpayer did not have an old workplace, the new workplace must be at least 50 miles from the old home. Members of the Armed Forces do not have to meet this distance test.

### Time Test

Employees must work full time in the general area of the new workplace for at least 39 weeks during the 12 months after the move. Self-employed taxpayers must work full time in the general area of the new workplace for at least 39 weeks during the first 12 months and 78 weeks during the first 24 months after the move.

**Exceptions:** The time test does not apply if the job ends because of disability, the employer transfers the employee, the employee was laid off for other than willful misconduct, the taxpayer is a member of the Armed Forces, the taxpayer meets certain requirements for retirees or survivors living outside the U.S., or the taxpayer is a decedent.

Although the move must be closely related to the start of work in a new location, there is no requirement that a new job be in the same line of work as the old job. A taxpayer starting work for the first time qualifies provided the job is at least 50 miles from the old home.

## Deductible Moving Expenses

- The cost of transportation and storage (up to 30 days after the move) of household goods and personal effects.
- Travel, including lodging, from the old home to the new home. Travel is limited to one trip per person. However, each member of the household can move separately and at separate times. If the taxpayer drives his or her own vehicle, expenses can be figured either using actual out-of-pocket expenses for gas and oil (but not depreciation), or the standard mileage rate for moving (for 2017, 17¢ per mile), plus parking fees and tolls.

**Not deductible.** Cost of meals while traveling, temporary living expenses, or house hunting expenses before or after the move.



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## Employer-Reimbursed Moving Expenses

Eligible moving expenses reimbursed by an employer are excluded from taxable wages. The amount of excluded moving expenses is reported in box 12 of the employee's Form W-2 under code "P." Qualified expenses that are reimbursed by the employer are not eligible for a deduction. Additional moving expenses that are not reimbursed by the employer are eligible for a deduction on Form 1040 if they otherwise qualify.

### Reporting Moving Expenses and Reimbursements

IF Form W-2 shows...	AND you have...	THEN...
reimbursement reported only in box 12 with code P	moving expenses greater than the amount in box 12	file Form 3903 showing all allowable expenses and reimbursements.
reimbursement reported only in box 12 with code P	moving expenses equal to the amount in box 12	do not file Form 3903.
reimbursement divided between box 12 and box 1	moving expenses greater than the amount in box 12	file Form 3903 showing all allowable expenses, but only the reimbursements reported in box 12 of Form W-2.
entire reimbursement reported as wages in box 1	moving expenses	file Form 3903 showing all allowable expenses but do not show any reimbursements.
no reimbursement	moving expenses	file Form 3903 showing all allowable expenses.

## Nondeductible Expenses

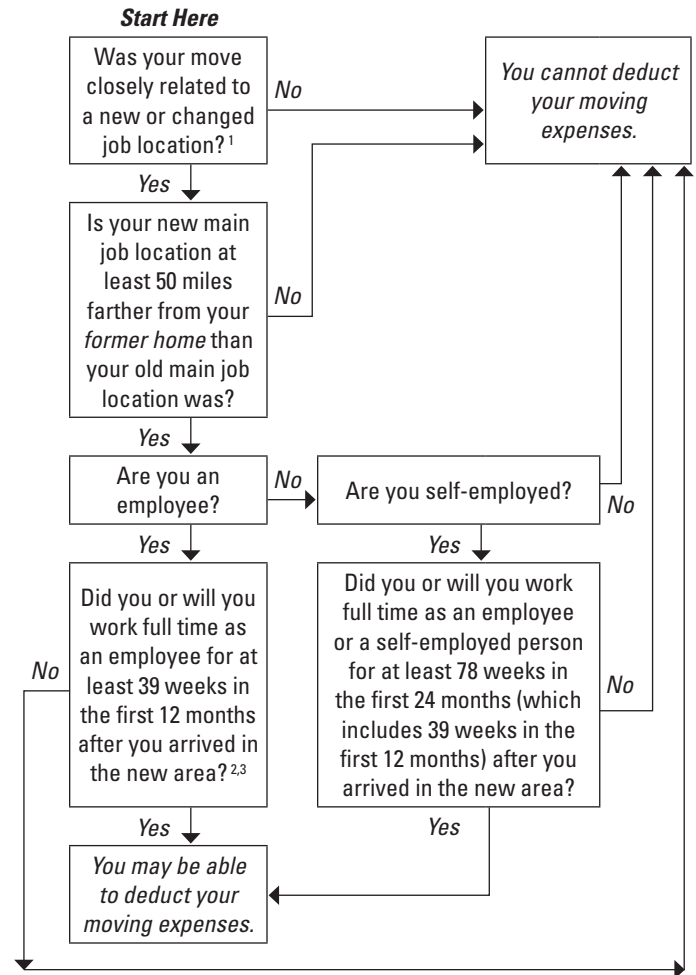
The following expenses are not deductible as moving expenses.

- Any part of the purchase price of a new home.
- Car tags or driver's license.
- Expenses of entering into or breaking a lease.
- Loss on home sale.
- Mortgage penalties
- Pre-move househunting trips.
- Real estate taxes.
- Security deposits.

This brochure contains general information for taxpayers and should not be relied upon as the only source of authority. Taxpayers should seek professional tax advice for more information.

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## Can the Taxpayer Deduct Expenses for a Non-Military Move Within the United States?



<sup>1</sup> Your move must be closely related to the start of work at your new job location.

<sup>2</sup> If you deduct expenses and do not meet this test later, you must either file an amended tax return or report your moving expense deduction as other income.

<sup>3</sup> If you became self-employed during the first 12 months, answer "yes" if your time as a full-time employee added to your time as a self-employed person equals or will equal at least 78 weeks in the first 24 months (including 39 weeks in the first 12 months) after you arrived in the new area.

## Contact Us

There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

- Pension or IRA distributions.
- Significant change in income or deductions.
- Job change.
- Marriage.
- Attainment of age 59½ or 70½.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of \$5,000.