

Enrolled Agents (EAs) are federally-authorized tax practitioners who have technical expertise in the field of taxation and are licensed to represent taxpayers before the Internal Revenue Service at all administrative levels for audits, collections, and appeals. In addition, Enrolled Agents are the only tax practitioners required by federal law to maintain their expertise through continuing professional education. When you need up-to-date tax assistance, see an Enrolled Agent.

Enrolled Agents – The Tax Professionals

Moving Expenses—

Maximizing Your Tax Benefit



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Moving Expenses—

Maximizing Your Tax Benefit

I MOVED TO A BIGGER HOUSE ON THE OTHER SIDE OF TOWN. CAN I CLAIM A MOVING EXPENSE DEDUCTION?

No. A deduction for the reasonable expenses of moving from one location to another may be taken only if you are an employee or self-employed person whose move is made in conjunction with the start of work in your new location and that location is your principal place of work. You must also meet distance and time requirements.

HOW FAR MUST I MOVE TO QUALIFY?

The new principal place of work must be at least 50 miles farther from your old residence than the old residence was from your old place of work. First time job seekers qualify if their new work location is more than 50 miles from their former residence.

HOW LONG MUST MY NEW EMPLOYMENT LAST?

You must be a full-time employee in the general location of your new residence for at least 39 weeks in the 12-month period immediately following your arrival at the new location. The 39 weeks do not have to be at the same job. Exceptions to this are: death, disability, involuntary separation from the service of your employer, or a transfer for the benefit of your employer.

ARE THERE ANY SPECIAL RULES FOR SELF-EMPLOYED PERSONS?

You must perform services on a full-time basis in the general location of your new residence for at least 78 weeks in the 24-month period immediately following your arrival at the new location. At least 39 of the 78 weeks must be worked in the first 12-month period.

WHAT TYPES OF MOVING EXPENSES ARE DEDUCTIBLE?

Deductible moving expenses include:

- ▶ The cost of travel (including lodging, but not meals) from your former residence to your new residence.
- ▶ The cost of transporting your household goods and personal effects.
- ▶ Storage charges are deductible while moving and for foreign moves.

IF MY EMPLOYER REIMBURSES ME FOR MY MOVING EXPENSES, WILL THEY BE INCLUDED ON MY W-2?

Reimbursements to an employee under an accountable plan are treated as excludable fringe benefits and not reported on the W-2. Employer payments under a non-accountable plan or payments for expenses that do not qualify for a deduction would be included as taxable compensation in Box 1 of the W-2.

IF MY EMPLOYER PAYS THE MOVING EXPENSES DIRECTLY TO A THIRD PARTY, WILL THIS BE INCLUDED AS INCOME ON MY W-2?

Generally, a qualifying moving expense paid directly to a third party is treated as an excludable fringe benefit and is not reported as income on the W-2.

IF I AM NOT REIMBURSED FOR ALL MY MOVING EXPENSES AND CANNOT ITEMIZE MY DEDUCTIONS, CAN I STILL DEDUCT MY MOVING EXPENSES?

Yes. The un-reimbursed expenses you incurred and/or paid are deductible even if you do not itemize. Moving expenses are an “above the line” deduction on Form 1040.

IF I MOVE ONE YEAR AND PAY MY EXPENSES IN THE NEXT YEAR, WHEN CAN I DEDUCT MY QUALIFYING EXPENSES?

The deduction may be taken in either the year incurred or the year paid.

DO I HAVE TO MEET THE EMPLOYMENT TIME TEST BEFORE I DEDUCT MY EXPENSES?

If the due date of your return falls before you can satisfy the time test, you may still claim the deduction. If you do take the deduction and then do not satisfy the required time test, you must either file an amended return for that year or report the amount originally deducted as income in the year you failed the time test.

MY EMPLOYER IS TRANSFERRING ME OUT OF THE UNITED STATES. CAN I STILL DEDUCT MOVING EXPENSES?

Yes. The rules on the deductibility of moving expenses incurred in connection with a move by a U.S. citizen or resident alien to a new job location outside the United States are similar in many respects to the moving expense deduction rules for moves within the United States. You may also qualify for additional tax benefits. Consult an Enrolled Agent to determine how these rules apply to your specific situation.

WHAT FORM DO I USE TO REPORT MY DEDUCTIBLE MOVING EXPENSES?

Form 3903 (Moving Expenses) is used to report moving expenses for moves within the United States. Form 3903F (Foreign Moving Expenses) is used to report moving expenses for moves outside the United States.

IF I SELL MY PRINCIPAL RESIDENCE TO MOVE, CAN I DEDUCT MY SELLING EXPENSES AS A MOVING EXPENSE?

No. These expenses are not moving expenses.