

# Publication 3

## Armed Forces' Tax Guide

For use in preparing  
**2022** Returns

Volume 1 of 3



This page is intentionally left blank

<b>Contents</b>	<b>Regular Page</b>	<b>Large Print Page</b>
<b>What's New</b>	2	8
<b>Reminders</b>	3	20
<b>Introduction</b>	4	27
<b>Gross Income</b>	5	34
Servicemembers' Government Pay Included in Gross Income	6	34
Servicemembers' Government Pay Items Excluded From Gross Income	6	37
Income Items of Special Interest	7	38
Foreign Source Income	9	52
Community Property	10	55

Domicile	10	56
Nevada, Washington, and California Domestic Partners	10	57
Form W-2	10	57
<b>Adjustments to Income</b>	11	61
Travel Expenses of Armed Forces Reservists	11	62
Individual Retirement Arrangements (IRAs)	12	65
Moving Expenses	13	73
<b>Income Exclusions for Armed Forces Members in Combat Zones</b>	14	84
<b>Combat Zone Exclusion</b>	15	87
How Much of My Combat Zone Pay Can I Exclude?	15	87

How Do I Report the Combat Zone Exclusion?	15	88
What Is Combat Zone Pay?	15	89
Combat Zone Defined	15	91
Service Eligible for Combat Zone Exclusion	16	97
<b>Gain or Loss From Sale of Home</b>	17	101
<b>Foreclosures</b>	18	107
<b>Itemized Deductions</b>	18	109
Repayments to Your Employer	18	110
<b>Credits</b>	19	110
Child Tax Credit, Credit for Other Dependents, and Additional Child Tax Credit	19	111
Additional Child Tax Credit (ACTC)	20	122

Earned Income Credit (EIC)	21	124
Credit for Excess Social Security Tax Withheld	25	151
<b>First-Time Homebuyer Credit Repayment</b>	25	154
<b>Forgiveness of Decedent's Tax Liability</b>	26	157
Combat Zone Related Forgiveness	26	158
Terrorist or Military Action Related Forgiveness	26	163
How Do I Make a Claim for Tax Forgiveness?	26	165
<b>Filing Returns</b>	28	173
Where To File My Return	28	174
When To File My Return	28	176

<b>When Is the Latest I Can Pay My Tax?</b>	28	177
<b>Extensions of Deadlines To File Your Tax Return, To Pay Your Taxes, and for Other Actions</b>	29	180
Can I Get an Extension To File My Return if I Am Not in a Combat Zone or a Contingency Operation?	29	181
Are There Filing, Tax Payment, and Other Extensions Specifically for Those in a Combat Zone or a Contingency Operation?	30	186
Can I Get an Extension To Pay My Tax if I Am Not in a Combat Zone or a Contingency Operation?	32	198

<b>Maximum Rate of Interest When There Is Hardship</b>	32	202
<b>Tax Returns of Aliens</b>	32	203
Resident Aliens	33	204
Nonresident Aliens	33	208
Dual-Status Aliens	33	210
<b>Signing Returns</b>	34	211
<b>How To Get Tax Help</b>	34	215
<b>Index</b>	39	240

## What's New

**Due date of return.** File Form 1040 or 1040-SR by April 18, 2023. The due date is April 18, instead of April 15, because of the Emancipation Day holiday in the District of Columbia even if you don't live in the District of Columbia.



**Filing status name changed to qualifying surviving spouse.** The filing status qualifying widow(er) is now called qualifying surviving spouse. The rules for the filing status have not changed. The same rules that applied for qualifying widow(er) apply to qualifying surviving spouse.

**Who must file.** Generally, the amount of income you can receive before you must file a return has been increased. For more information, see the Instructions for Form 1040.

**Standard deduction amount increased.** For 2022, the standard deduction amount has been increased for all filers. The amounts are:

- Single or Married filing separately—\$12,950;
- Married filing jointly or Qualifying surviving spouse—\$25,900; and
- Head of household—\$19,400.

For more information, see the Instructions for Form 1040.

**New lines 1a through 1z on Form 1040 and 1040-SR.** This year, line 1 is expanded and there are new lines 1a through 1z. Some amounts that in prior years were reported on Form 1040, and some amounts reported on Form 1040-SR are now reported on Schedule 1 (Form 1040).

- Scholarships and fellowship grants are now reported on Schedule 1, line 8r.
- Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan are now reported on Schedule 1, line 8t.
- Wages earned while incarcerated are now reported on Schedule 1, line 8u.

**Credits for sick and family leave for certain self-employed individuals are not available.** The credit for sick and family leave for certain self-employed individuals

were not extended and you can no longer claim these credits.

**New line 6c on Form 1040 and 1040-SR.**

A checkbox was added on line 6c. Taxpayers who elect to use the lump-sum election method for their benefits will check this box. See Instructions for Form 1040.

**Credit for child and dependent care**

**expenses.** The changes to the credit for child and dependent care expenses implemented by the American Rescue Plan Act of 2021 (ARP) were not extended. For 2022, the credit for the child and dependent care expenses is nonrefundable. The dollar limit on qualifying expenses is \$3,000 for one qualifying person and \$6,000 for two or more qualifying persons. The maximum credit amount allowed is 35% of your employment-related expenses. For more information, see the Instructions for Form 2441 and Pub. 503.

**Child tax credit and additional child tax credit.** The many changes to the child tax credit (CTC) implemented by ARP were not extended. For 2022,

- The initial credit amount of the CTC is \$2,000 for each
- qualifying child.
- The amount of CTC that can be claimed as a refundable credit is limited as it was in 2020, except the maximum additional child tax credit amount (ACTC) has increased to \$1,500 for each qualifying child.
- A child must be under age 17 at the end of 2022 to be a qualifying child.
- Bona fide residents of Puerto Rico are no longer required to have three or more qualifying children to be eligible to claim the ACTC. Bona fide residents of Puerto Rico may be eligible to claim

the ACTC if they have one or more qualifying children.

For more information, see the Instructions for Schedule 8812 (Form 1040).

**Advance child tax credit payments.**

Advance child tax credit payments have not been issued for 2022.

**Delayed refund for returns claiming**

**ACTC.** The IRS cannot issue refunds before mid-February 2023 for returns that properly claim ACTC. This time frame applies to the entire refund, not just the portion associated with ACTC.

**Changes to the earned income credit**

**(EIC).** The enhancements for taxpayers without a qualifying child implemented by ARP don't apply for 2022. This means, to claim the EIC without a qualifying child in 2022, you must be at least age 25 but under age 65 at the end of 2022. If you are married filing a joint return, either you or your spouse

must be at least age 25 but under age 65 at the end of 2022. It doesn't matter which spouse meets the age requirement, as long as one of the spouses does.

**Nontaxable Medicaid waiver payments on Schedule.** In 2021, the nontaxable amount of Medicaid waiver payments were reported on Schedule 1, line 8z. In 2022, these amounts will be reported on Schedule 1, line 8s.

**Nontaxable combat pay election.** In 2021, the amount of your nontaxable combat pay was reported on Form 1040 or 1040-SR, line 27b. In 2022, these amounts will be reported on Form 1040 or 1040-SR, line 1i.

**Standard mileage rates.** The 2022 rate for business use of a vehicle is 58.5 cents a mile from January 1, 2022 to June 30, 2022, and 62.5 cents a mile from July 1, 2022 to December 31, 2022. The 2022 rate for use of your vehicle to do volunteer work for certain charitable organizations is 14 cents a mile

from January 1, 2022 to December 31, 2022. The 2022 rate for operating expenses for a car when you use it for medical reasons are 18 cents a mile from January 1, 2022 to June 30, 2022, and 22 cents a mile from July 1, 2022 to December 31, 2022. **Modified AGI limit for traditional IRA contributions.** For 2022, if you are covered by a retirement plan at work, your deduction for contributions to a traditional IRA is reduced (phased out) if your modified AGI is:

- More than \$109,000 but less than \$129,000 for a married couple filing a joint return or a qualifying surviving spouse,
- More than \$68,000 but less than \$78,000 for a single individual or head of house-hold, or
- Less than \$10,000 for a married individual filing a separate return.

If you either live with your spouse or file a joint return, and your spouse is covered by a retirement plan at work but you aren't, your deduction is phased out if your modified AGI is more than \$204,000 but less than \$214,000. If your modified AGI is \$214,000 or more, you can't take a deduction for contributions to a traditional IRA. See *How Much Can You Deduct* in Pub. 590-A, Contributions to Individual Retirement Arrangements (IRAs).

**Modified AGI limit for Roth IRA contributions.** For 2022, your Roth IRA contribution limit is reduced (phased out) in the following situations.

- Your filing status is married filing jointly or qualifying surviving spouse and your modified AGI is at least \$204,000. You can't make a Roth IRA contribution if your modified AGI is \$214,000 or more.



- Your filing status is single, head of household, or married filing separately and you didn't live with your spouse at any time in 2022 and your modified AGI is at least \$129,000. You can't make a Roth IRA contribution if your modified AGI is \$144,000 or more.
- Your filing status is married filing separately, you lived with your spouse at any time during the year, and your modified AGI is more than zero. You can't make a Roth IRA contribution if your modified AGI is \$10,000 or more. See *Can You Contribute to a Roth IRA* in Pub. 590-A.

**2023 modified AGI limits.** You can find information about the 2023 contribution and AGI limits in Pub. 590-A.

**Tax law changes for 2022.** When you figure how much income tax you want withheld from your pay and when you figure your estimated tax, consider tax law changes

effective in 2022. For more information, see Pub. 505, Tax Withholding and Estimated Tax.

### **Alternative minimum tax (AMT)**

**exemption amount increased.** The AMT exemption amount is increased to \$75,900 (\$118,100 if married filing jointly or qualifying surviving spouse; \$59,050 if married filing separately). The amount used to determine the phaseout of your exemption has increased to \$539,900 (\$1,079,800 if married filing jointly or qualifying surviving spouse).

**Adoption credit.** The adoption credit and the exclusion for employer-provided adoption benefits have both increased to \$14,890 per eligible child in 2022. The amount begins to phase out if you have modified AGI in excess of \$223,410 and is completely phased out if your modified AGI is \$263,410 or more.

**New reporting requirements for Form 1099-K.** Form 1099-K is issued by third party settlement organizations and credit card companies to report payment transactions made to you for goods and services.

You must report all income on your tax return unless excluded by law, whether you received the income electronically or not, and whether you received a Form 1099-K or not. The box 1a and other amounts reported on Form 1099-K are additional pieces of information to help determine the correct amounts to report on your return. If you received a Form 1099-K that shows payments you didn't receive or is otherwise incorrect, contact the Form 1099-K issuer. Don't contact the IRS; the IRS can't correct an incorrect Form 1099-K. If you can't get it corrected, or you sold a personal item at a loss, see the instructions for Schedule 1, lines 8z and 24z, later, for more reporting information.

All IRS information about Form 1099-K is available by going to [IRS.gov/1099K](https://www.irs.gov/1099K).

## Reminders

**Future developments.** For the latest information about developments related to Pub. 3, such as legislation enacted after it was published, go to [IRS.gov/Pub3](https://www.irs.gov/Pub3).

**Change of address.** If you change your mailing address, be sure to notify the IRS using Form 8822, Change of Address. Mail it to the Internal Revenue Service Center for your old address. (Addresses for the Service Centers are on the back of the form.) Use Form 8822-B, Change of Address or Responsible Party—Business, if you are changing a business address.

**Tuition and fees deduction not available.**

The tuition and fees deduction is not available after 2020. Instead, the income limitations for the lifetime learning credit have been

increased. See Form 8863 and its instructions.

**Form 1040-X continuous-use form and instructions.** Form 1040-X, Amended U.S. Individual Income Tax Return, and its instructions have been converted from an annual revision to continuous use beginning in tax year 2021. Both the form and instructions will be updated as required. For the most recent version, go to [IRS.gov/Form1040X](https://www.irs.gov/Form1040X). Section discussions and charts that were updated annually have been removed, or replaced with references to relevant forms, schedules, instructions, and publications. See the forms, schedules, instructions, and publications for the year of the tax return you are amending for guidance on specific topics.

**Electronic filing available for Form 1040-X.** You can file Form 1040-X electronically with tax filing software to amend 2019 or later Forms 1040 or 1040-SR. See

[IRS.gov/Filing/Amended-Return-Frequently-AskedQuestions](https://www.irs.gov/Filing/Amended-Return-Frequently-AskedQuestions) for more information.

**All taxpayers now eligible for Identity Protection PIN.** Beginning in 2021, the IRS Identity Protection PIN (IP PIN) Opt-In Program has been expanded to all taxpayers who can properly verify their identity. An IP PIN helps prevent your social security number from being used to file a fraudulent federal income tax return. You can use the [Get An IP Pin](#) tool on [IRS.gov](https://www.irs.gov) to request an IP PIN, file Form 15227 if your adjusted gross income is \$73,000 or less, or make an appointment to visit a Taxpayer Assistance Center.

**Business meals.** Section 210 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 provides for the temporary allowance of a 100% business meal deduction for food or beverages provided by a restaurant and paid or incurred after December 31, 2020, and before January 1, 2023.

**Veterans' disability severance payments received after 1991.** There may still be time for some veterans to claim their refund for disability severance payments they received after 1991 and claimed as income. These veterans should take action soon if they received a notice and haven't already filed Form 1040-X to claim a refund or credit of the overpayment attributable to the disability severance payment. See *Disability Severance Payments to Veterans*, later, for the filing deadline.

**Alimony and separate maintenance payments.** Amounts paid as alimony or separate maintenance payments under a divorce or separation agreement executed after 2018 won't be deductible by the payer. Such amounts also won't be includible in the income of the recipient. Amounts received as alimony or separate maintenance pursuant to a divorce or separation agreement executed on or before December 31, 2018, are

includible in the recipient's income unless that agreement was modified after December 31, 2018, to expressly provide that alimony received isn't included in your income. See your tax return instructions and Pub. 555.

**Qualified birth or adoption distribution.**

Beginning in tax years after December 31, 2019, you can take a distribution from your IRA without it being subject to the 10% additional tax for early distributions. For more information, see Pub. 590-B.

**Third party designee.** You can check the "Yes" box in the *Third Party Designee* area of your return to authorize the IRS to discuss your return with your preparer, a friend, a family member, or any other person you choose. This allows the IRS to call the person you identified as your designee to answer any questions that may arise during the processing of your tax return. It also allows your designee to perform certain actions. See



your income tax return instructions for details.

**Penalty for failure to file.** If your return is more than 60 days late, the minimum penalty will be \$435 or the amount of any tax you owe, whichever is smaller.

**Educational assistance benefits.** If you receive educational assistance benefits from your employer under an educational assistance program, you can exclude up to \$5,250 of those benefits.

**Abbreviations.** The following abbreviations will be used in this publication when appropriate.

- ACTC means additional child tax credit.
- ATIN means adoption taxpayer identification number.
- ITIN means individual taxpayer identification number.

- ODC means credit for other dependents.
- SSN means social security number.
- TIN means taxpayer identification number. A TIN may be an ATIN, an ITIN, or an SSN.

Other abbreviations may be used in this publication and will be defined as needed.

**Photographs of missing children.** The IRS is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](#). Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

# Introduction

This publication covers the special tax situations of active members of the U.S. Armed Forces.

For federal tax purposes, the U.S. Armed Forces includes commissioned officers, warrant officers, and enlisted personnel in all regular and reserve units under control of the Secretaries of the Defense, Army, Navy, and Air Force. The U.S. Armed Forces also includes the Coast Guard. The Public Health Service and the National Oceanic and Atmospheric Administration can also receive many of the same tax benefits. The U.S. Armed Forces doesn't include the U.S. Merchant Marine or the American Red Cross.

Members serving in an area designated or treated as a combat zone are granted special tax benefits. In the event an area ceases to be a combat zone, the IRS will do its best to

notify you. Many of the relief provisions will end at that time.



*Throughout this publication, we reference "combat zone exclusion" and "combat zone pay." These terms are also known as "combat zone exclusion" and "combat zone compensation," respectively.*

### **What isn't covered in this publication.**

This publication doesn't cover military retirement pay or veterans' benefits (except those discussed under Disability Severance Payments to Veterans, later) or give the basic tax rules that apply to all taxpayers. For information on military retirement pay or veterans' benefits, see Pub. 525, Taxable and Nontaxable Income. If you need the basic tax rules or information on another subject not covered here, you can check our other free publications.

**Comments and suggestions.** We welcome your comments about this publication and suggestions for future editions.

You can send us comments through [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or, you can write to the Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments and suggestions as we revise our tax forms, instructions, and publications.

**Don't** send tax questions, tax returns, or payments to the above address.

***Getting answers to your tax questions.*** If you have a tax question not answered by this publication or the *How To Get Tax Help* section at the end of this publication, go to the IRS Interactive Tax Assistant page at [IRS.gov/ Help/ITA](https://www.irs.gov/Help/ITA) where you can find topics

by using the search feature or viewing the categories listed.

***Getting tax forms, instructions, and publications.*** Go to [IRS.gov/Forms](https://www.irs.gov/forms) to download current and prior-year forms, instructions, and publications.

***Ordering tax forms, instructions, and publications.*** Go to [IRS.gov/OrderForms](https://www.irs.gov/orderforms) to order current forms, instructions, and publications; call 800-829-3676 to order prior-year forms and instructions. The IRS will process your order for forms and publications as soon as possible. **Don't** resubmit requests you've already sent us. You can get forms and publications faster online.

# Useful Items

You may want to see:

## Publication

- ☐ **17** Your Federal Income Tax
- ☐ **54** Tax Guide for U.S. Citizens and Resident Aliens Abroad
- ☐ **463** Travel, Gift, and Car Expenses
- ☐ **501** Dependents, Standard Deduction, and Filing Information
- ☐ **503** Child and Dependent Care Expenses
- ☐ **505** Tax Withholding and Estimated Tax
- ☐ **516** U.S. Government Civilian Employees Stationed Abroad
- ☐ **519** U.S. Tax Guide for Aliens
- ☐ **523** Selling Your Home

- ☐ **525** Taxable and Nontaxable Income
- ☐ **527** Residential Rental Property
- ☐ **529** Miscellaneous Deductions
- ☐ **555** Community Property
- ☐ **559** Survivors, Executors, and Administrators
- ☐ **590-A** Contributions to Individual Retirement Arrangements (IRAs)
- ☐ **590-B** Distributions from Individual Retirement Arrangements (IRAs)
- ☐ **596** Earned Income Credit (EIC)
- ☐ **970** Tax Benefits for Education
- ☐ **3920** Tax Relief for Victims of Terrorist Attacks

## **Form (and Instructions)**

- ☐ **1040** U.S. Individual Income Tax Return



- ☐ **1040-SR** U.S. Income Tax Return for Seniors
- ☐ **1040-X** Amended U.S. Individual Income Tax Return
- ☐ **1310** Statement of Person Claiming Refund Due a Deceased Taxpayer
- ☐ **2555** Foreign Earned Income
- ☐ **2848** Power of Attorney and Declaration of Representative
- ☐ **3903** Moving Expenses
- ☐ **4868** Application for Automatic Extension of Time To File U.S. Individual Income Tax Return
- ☐ **8822** Change of Address
- ☐ **8822-B** Change of Address or Responsible Party—Business
- ☐ **9465** 9465 Installment Agreement Request

☐ **8915** Qualified Disaster Retirement  
Plan Distributions and Repayments

See *How To Get Tax Help* at the end of this publication for information about getting IRS publications and forms.

## **Gross Income**

Members of the Armed Forces receive many different types of pay and allowances. Some are included in gross income while others are excluded from gross income.

### **Servicemembers' Government Pay Included in Gross Income**

You must report the items listed in Table 1 as gross income on your tax return unless the pay is for service in a combat zone. For pay for service in a combat zone, refer to Table 2. The items in Table 1 are taxable. The list in Table 1 isn't exclusive. Also see *Income Items of Special Interest*, later.

Table 1. **Servicemembers’ Government Pay Included in Gross Income**

These items are included in gross income, unless the pay is for service in a combat zone.

Basic pay	<ul style="list-style-type: none"><li>• Active duty</li><li>• Attendance at a designated service school</li><li>• Back wages</li><li>• Cadet/midshipman pay</li><li>• Drills</li><li>• Reserve training</li><li>• Training duty</li></ul>
Special pay	<ul style="list-style-type: none"><li>• Aviation career incentives</li><li>• Career sea</li><li>• Diving duty</li><li>• Foreign duty (outside the 48 contiguous states and the District of Columbia)</li><li>• Foreign language proficiency</li><li>• Hardship duty</li><li>• Hostile fire or imminent danger</li><li>• Medical and dental officers</li><li>• Nuclear-qualified officers</li><li>• Optometry</li><li>• Other Health Professional Special Pays (for example, nurse, physician assistant, social work, etc.)</li><li>• Pharmacy</li><li>• Special compensation for assistance with activities of daily living (SCAADL)</li><li>• Special duty assignment pay</li><li>• Veterinarian</li><li>• Voluntary Separation Incentive</li></ul>
Bonus pay	<ul style="list-style-type: none"><li>• Career status</li><li>• Continuation pay</li><li>• Enlistment</li><li>• Officer</li><li>• Overseas extension</li><li>• Reenlistment</li></ul>
Incentive pay	<ul style="list-style-type: none"><li>• Submarine</li><li>• Flight</li><li>• Hazardous duty</li><li>• High Altitude/Low Opening (HALO)</li></ul>
Other pay	<ul style="list-style-type: none"><li>• Accrued leave</li><li>• CONUS COLA</li><li>• High deployment per diem</li><li>• Personal money allowances paid to high-ranking officers</li><li>• Student loan repayment from programs, such as the Department of Defense Educational Loan Repayment Program when the year’s service (requirement) isn’t attributable to a combat zone, to the extent that qualified higher education expenses exceed \$5,250 annually</li><li>• Certain payments made by an employer after March 27, 2020, and before January 1, 2026, of principal or interest on certain qualified education loans</li></ul>
In-kind military benefits	<ul style="list-style-type: none"><li>• Personal use of a government-provided vehicle</li></ul>

This page intentionally left blank

# **Servicemembers' Government Pay Items Excluded From Gross Income**

Items in Table 2 aren't includible in your gross income though you may have to report them on your income tax return. The list in Table 2 isn't exclusive. See your tax return instructions for more information on specific items. Also see *Income Items of Special Interest*, later.

**Combat zone pay.** You may also be able to exclude pay for service in a combat zone even though that pay would otherwise be taxable. For information on the exclusion of pay for service in a combat zone and other tax benefits for combat zone participants, see *Combat Zone Exclusion* and *Are There Filing, Tax Payment, and Other Extensions Specifically for Those in a Combat Zone or a Contingency Operation*, later.



***Retroactive determination of nontaxable disability severance payments.*** *The Combat-Injured*

*Veterans Tax Fairness Act of 2016 gives certain veterans who received disability severance payments after January 17, 1991, additional time to file claims for a credit or refund relating to overpayments attributable to these payments. Veterans affected by this legislation should have received a notice from the Department of Defense (DoD). See Disability Severance Payments to Veterans, later, for details on the payments and for the deadline for making a claim for a credit or refund.*

## **Income Items of Special Interest**

**Death gratuity to a survivor.** Any death gratuity paid to a survivor of a member of the Armed Forces is excluded from the survivor's gross income.

**Can I deduct expenses paid with my excluded basic allowance for housing (BAH)?** As noted in Table 2, BAH is excluded from income. This doesn't prevent you from deducting certain expenses paid for with your BAH. You may still be able to deduct mortgage interest and real estate taxes on your home if you pay these expenses with your BAH. See the Instructions for Schedule A (Form 1040) of your tax return.

**Differential wage payments.** Differential wage payments are taxable. They aren't treated as combat zone pay even if the individual was in a combat zone.

***What are differential wage payments?*** Differential wage payments are payments made by an employer (other than the Armed Forces) to an individual. They are paid for a period during which the individual performed services in the uniformed services while on active duty for a period of more than 30 days. These payments represent all or a portion of

the wages the individual would have received from the employer if the individual had been performing services for the employer during that period.

### **Military base realignment and closure**

**benefits.** Military base realignment and closure benefits paid under the Homeowners Assistance Program (HAP) are generally excluded from income. However, for any property, the sum of all your payments can't be more than the maximum amount described in subsection (c) of 42 U.S.C. 3374 as in effect on November 6, 2009. You must include in income the excess over this maximum amount. For more information about the HAP, see [usace.army.mil/Missions/Military-Missions/Real-Estate/HAP/](http://usace.army.mil/Missions/Military-Missions/Real-Estate/HAP/).

### **Qualified reservist distribution (QRD).**

The portion of your QRD reported by your employer as wages on Form W-2, Wage and Tax Statement, is included in your gross income and is taxable. The amount reported



should be the QRD reduced by the after-tax contributions to your health flexible spending arrangement. This amount is also subject to employment taxes.

***What is a QRD?*** With reference to a cafeteria plan or health flexible spending account, a QRD is a distribution to an individual of all or part of the individual's balance in a cafeteria plan or health flexible spending arrangement if:

- The individual was a reservist who was ordered or called to active duty for more than 179 days or for an indefinite period, and
- The distribution is made no sooner than the date the reservist was ordered or called to active duty and no later than the last day reimbursements could otherwise be made under the arrangement for the plan year which includes the date of the order or the call to duty.

**Uniformed Services Traditional Thrift Savings Plan (TSP) distributions.** If you participate in the Uniformed Services Traditional TSP and receive a distribution from your account, the distribution is generally included in your taxable income unless your contributions included tax-exempt combat zone pay.

If your contributions included tax-exempt combat zone pay, the part of the distribution attributable to those contributions is tax exempt. However, the earnings on the tax-exempt portion of the distribution are taxable. The TSP will provide a statement showing the taxable and nontaxable portions of the distribution. For more information on TSP distributions, see TSPBK26, Tax Rules About TSP Payments.

**Note.** For 2022, combat zone service entitles service members to contribute as much as \$61,000 in a TSP retirement account.

**Note.** The annual additions limit is the total amount of all the contributions made in a calendar year. This limit is per employer and includes money from all sources: employee contributions (tax-deferred, after-tax, and tax-exempt), Agency/Service Automatic (1%) Contributions, and Agency/Service Matching Contributions. It does not include catch-up contributions.

The annual additions limit affects mostly members of the uniformed services who can exceed the annual elective deferral limit. The excess contributions go into the traditional portion of their TSP accounts from tax-exempt pay earned in a combat zone.

**Uniformed Services Roth Thrift Savings Plan (TSP).** Roth TSP contributions are included in your income. They are after-tax contributions and are subject to the same contribution limits as the traditional TSP. Qualified distributions from your Roth account in the TSP aren't included in your income. For

more details, see *Thrift Savings Plan (TSP)* in Part II of Pub. 721, Tax Guide to U.S. Civil Service Retirement Benefits, and TSPBK26.

The exclusion for certain items applies whether the item is furnished in kind or is a reimbursement or allowance.

***What are state bonus payments?*** A state bonus payment is a bonus payment made to you or to your dependent(s) by a state (or a political subdivision of a state).

## **Disability Severance Payments to Veterans**



*Your claim must be made by the deadline. See When must I file my claim, later, for the deadline for making these claims.*

Table 2. **Servicemembers’ Government Pay Items Excluded From Gross Income**

The exclusion for certain items applies whether the item is furnished in kind or is a reimbursement or allowance.

Combat zone pay	<ul style="list-style-type: none"><li>• Compensation for active service while in a combat zone (See <a href="#">Combat Zone Exclusion</a>, later.)</li></ul> <b>Note.</b> The exclusion for certain officers is limited. See <a href="#">Commissioned officers (other than commissioned warrant officers)</a> , later.
Other pay	<ul style="list-style-type: none"><li>• Certain amounts received under the Armed Forces Health Professions Scholarship and Financial Assistance Program payments</li><li>• Certain disability retirement pay, including payments received for injuries incurred as a direct result of a terrorist or military action</li><li>• Disability severance payments (See <a href="#">Disability Severance Payments to Veterans</a>, later.)</li><li>• Group-term life insurance</li><li>• Professional education</li><li>• ROTC educational and subsistence allowances</li><li>• State bonus pay for service in a combat zone (See <a href="#">State bonus payments</a>, later.)</li><li>• Survivor and retirement protection plan premiums</li><li>• Uniform allowances</li></ul>
Death allowances	<ul style="list-style-type: none"><li>• Burial services</li><li>• Death gratuity payments to eligible survivors</li><li>• Travel of dependents to burial site</li></ul>
Family allowances	<ul style="list-style-type: none"><li>• Certain educational expenses for dependents</li><li>• Emergencies</li><li>• Evacuation to a place of safety</li><li>• Separation</li></ul>
Living allowances	<ul style="list-style-type: none"><li>• BAH (Basic Allowance for Housing) (See also <a href="#">Can I deduct expenses paid with my excluded basic allowance for housing (BAH)</a>, later.)</li><li>• BAS (Basic Allowance for Subsistence)</li><li>• Housing and cost-of-living allowances abroad paid by the U.S. Government or by a foreign government</li><li>• OHA (Overseas Housing Allowance)</li></ul>
Moving allowances	<ul style="list-style-type: none"><li>• Dislocation</li><li>• Military base realignment and closure benefit (See <a href="#">Military base realignment and closure benefits</a>, later.)</li><li>• Move-in housing</li><li>• Moving household and personal items</li><li>• Moving trailers or mobile homes</li><li>• Storage</li><li>• Temporary lodging and temporary lodging expenses</li></ul>
Travel allowances	<ul style="list-style-type: none"><li>• Annual round trip for dependent students</li><li>• Leave between consecutive overseas tours</li><li>• Reassignment in a dependent restricted status</li><li>• Transportation for you or your dependents during ship overhaul or inactivation</li><li>• Per diem</li><li>• Travel benefits under operation hero miles</li></ul>
In-kind military benefits	<ul style="list-style-type: none"><li>• Dependent-care assistance program</li><li>• Defense counsel services</li><li>• Legal assistance</li><li>• Medical/dental care</li><li>• Commissary/exchange discounts</li><li>• Space-available travel on government aircraft</li><li>• Uniforms furnished to enlisted personnel</li></ul>

**State bonus payments.** A state bonus payment will be treated as combat zone pay and may not be taxable if it is made because of your current or former service in a combat zone. See [Combat Zone Defined](#), later, for a list of designated combat zones.

This page intentionally left blank

Veterans discharged from military service due to medical disability may receive a severance payment. If you received a disability severance payment that was taxed to you, and either the amounts received were by reason of a combat-related injury or the Department of Veterans Affairs (VA) later determined that you were entitled to receive disability compensation, your severance payment isn't taxable and you can file a claim for credit or refund using Form 1040-X for the tax year in which the disability severance payment was received and included in income on your tax return.

For more information about amending prior-year returns to take advantage of this change, see that revision of the Instructions for Form 1040-X. For more information on how to file a prior-year Form 1040-X, go to [IRS.gov/ Form1040X](https://www.irs.gov/Form1040X).

**Retroactive determination of nontaxable disability severance payments.** The Combat-Injured Veterans Tax Fairness Act of 2016 gives certain veterans who received disability severance payments after January 17, 1991, additional time to file claims for credit or refund to recover tax overpayments attributable to their disability severance payments. Veterans affected by this legislation should have received a notice from the Department of Defense (DoD) reporting the amount of disability severance payments.

**How do I file a claim for a refund of an overpayment attributable to my disability severance pay?** The notice from the DoD includes an explanation of how to file a claim, including a simplified method for making the claim. The IRS has worked closely with the DoD to produce these notices, explaining how veterans should claim the related tax refunds.



You can submit a claim based on the actual amount of your disability severance payment by completing Form 1040-X. However, you can choose instead to claim a standard refund amount based on the calendar year in which you received the severance payment. Enter “Disability Severance Payment” on line 15 of Form 1040-X and enter on lines 15 and 22 the standard refund amount listed below that applies.

- \$1,750 for tax years 1991 through 2005.
- \$2,400 for tax years 2006 through 2010.
- \$3,200 for tax years 2011 through 2016.

Claiming the standard refund amount is the easiest way for you to claim a refund, because you don’t need to access the original tax return from the year of your disability severance payment.

Enter "Veteran Disability Severance" or "St. Clair Claim" across the top of Form 1040-X, page 1, and attach a copy of the notice from the DoD about the disability severance payment. If you didn't receive the DoD notice, you must include documentation showing the exact amount of and reason for your disability severance payment and a copy of either the VA determination letter confirming your disability or a determination that your injury or sickness was either incurred as a direct result of armed conflict, while in extra-hazardous service, or in simulated war exercises, or was caused by an instrumentality of war. Documentation showing the exact amount of and reason for your disability severance payment may include a letter from the Defense Finance and Accounting Services (DFAS) or your Form DD214 explaining the severance payment at the time of the payment. If you don't have the required documentation showing the exact amount of and reason for your disability

severance payment, visit [dfas.mil/dsp\\_irs](https://dfas.mil/dsp_irs) to learn how to obtain it.



*In addition to the documents listed above, Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, may need to accompany Form 1040-X. See Step 4: Provide Form 1310, if required under How Is Tax Forgiveness Claimed, later.*

***When must I file my claim?*** You must file your claim by the later of 1 year after the date you received the notice from the DoD or the normal deadline for filing a claim for refund or credit.



*This alternative 1-year time frame is especially important because the normal deadline is the later of 3 years after filing the original return or 2 years after paying the tax and claims may date back as far as 1991.*

**Where to file.** Mail the completed Form 1040-X and your documents to the following address, regardless of where you live.

Internal Revenue Service  
333 W. Pershing Street, Stop 6503, P5  
Kansas City, MO 64108

## **Foreign Source Income**

### **What Is Foreign Source Income?**

For U.S. citizens, foreign source income is income from sources outside the United States. This section only discusses the tax consequences for foreign source income of U.S. citizens.

### **Is My Foreign Source Income Taxable?**

You must report all of your foreign source income on your tax return, except for those amounts that U.S. law specifically allows you to exclude. This is true whether you reside inside or outside the United States and

whether or not you receive a Form W-2 or a Form 1099. This applies to earned income (such as wages and tips) as well as unearned income (such as interest, dividends, capital gains, pensions, rents, and royalties).

Some foreign income may be excluded, but these exclusions aren't available for wages and salaries of military and civilian employees of the U.S. Government. See more on these exclusions in *Foreign earned income exclusion* and *American Samoa income exclusion* below.

**Foreign earned income exclusion.** Certain taxpayers can exclude income earned in foreign countries. For 2022, this exclusion amount can be as much as \$112,000.

However, the foreign earned income exclusion doesn't apply to the wages and salaries of military and civilian employees of the U.S. Government. Employees of the U.S. Government include those who work at U.S. Armed Forces exchanges, commissioned and noncommissioned officers' messes, and

Armed Forces motion picture services, and similar personnel. Other foreign income earned by military personnel or their spouses may be eligible for the foreign earned income exclusion if their tax home is in a foreign country and other requirements are met. You won't be treated as having a tax home in a foreign country for any period for which your abode is within the United States, unless you are serving in an area designated by the President of the United States by Executive order as a combat zone in support of the Armed Forces of the United States. For more information on the exclusion, including other requirements and the definition of "abode," see Pub. 54.

**American Samoa income exclusion.**

Residents of American Samoa may be able to exclude income from American Samoa.

However, this possession exclusion doesn't apply to wages and salaries of military and civilian employees of the U.S. Government. If

you need information on this possession exclusion, see Pub. 570, Tax Guide for Individuals With Income From U.S. Possessions.

## **Community Property**

The pay you earn as a member of the Armed Forces may be subject to community property laws depending on your marital status, the nature of the payment, and your domicile.

These laws may affect how much of your income is included in your gross income for tax purposes. Community property states are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin.

## **Marital Status**

Community property rules apply to married persons whose domicile during the tax year was in a community property state. These rules may affect your tax liability if you file

separate returns or are divorced during the year.

## **Nature of the Payment**

Active duty military pay **is** subject to community property laws. Armed Forces retired or retainer pay **may be** subject to community property laws.

For more information on community property laws, see Pub. 555.

## **Domicile**

Your domicile is the permanent legal home you intend to use for an indefinite or unlimited period, and to which, when absent, you intend to return. It isn't always where you presently live.

**Domicile or tax residence of civilian spouse.** If you are the civilian spouse of an active duty U.S. military servicemember, you can elect to have the same domicile or residence as the servicemember. If your



domicile or residence is the same as the servicemember's, you may be able to keep your prior domicile or residence for tax purposes when you accompany your spouse who relocated to a new duty station. For more information about this option, see Pub. 570. You may also elect to have the same domicile or residence as the servicemember.

## **Nevada, Washington, and California Domestic Partners**

A registered domestic partner in Nevada, Washington, or California must generally report half of his or her income plus half of the income of his or her domestic partner. See Form 8958 and Pub. 555.

## **Form W-2**

### **What Information Can I Find on My Form W-2?**

Form W-2 shows your total pay and other compensation and the income tax, social

security tax, and Medicare tax that was withheld during the year. Form W-2 also shows other amounts that you may find important in box 12.

## Form W-2 Reference Guide for Box 12 Codes

<b>A</b>	Uncollected social security or RRTA tax on tips	<b>B</b>	Uncollected Medicare tax on tips (but not Additional Medicare Tax)	<b>C</b>	Taxable cost of group-term life insurance over \$50,000
<b>D</b>	Elective deferrals to a section 401(k) cash or deferred arrangement plan (including a SIMPLE 401(k) arrangement)	<b>E</b>	Elective deferrals under a section 403(b) salary reduction agreement	<b>F</b>	Elective deferrals under a section 408(k)(6) salary reduction SEP
<b>G</b>	Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan	<b>H</b>	Elective deferrals to a section 501(c)(18) (D) tax-exempt organization plan	<b>J</b>	Nontaxable sick pay
<b>K</b>	20% excise tax on excess golden parachute payments	<b>L</b>	Substantiated employee business expense reimbursements	<b>M</b>	Uncollected social security or RRTA tax on taxable cost of group-term life insurance over \$50,000 (former employees only)
<b>N</b>	Uncollected Medicare tax on taxable cost of group-term life insurance over \$50,000 (but not Additional Medicare Tax) (former employees only)	<b>P</b>	Excludable moving expense reimbursements paid directly to a member of the U.S. Armed Forces	<b>Q</b>	Nontaxable combat pay
<b>R</b>	Employer contributions to an Archer MSA	<b>S</b>	Employee salary reduction contributions under a section 408(p) SIMPLE plan	<b>T</b>	Adoption benefits
<b>V</b>	Income from exercise of nonstatutory stock option(s)	<b>W</b>	Employer contributions (including employee contributions through a cafeteria plan) to an employee's health savings account (HSA)	<b>Y</b>	Deferrals under a section 409A nonqualified deferred compensation plan
<b>Z</b>	Income under a nonqualified deferred compensation plan that fails to satisfy section 409A	<b>AA</b>	Designated Roth contributions under a section 401(k) plan	<b>BB</b>	Designated Roth contributions under a section 403(b) plan
<b>DD</b>	Cost of employer-sponsored health coverage	<b>EE</b>	Designated Roth contributions under a governmental section 457(b) plan	<b>FF</b>	Permitted benefits under a qualified small employer health reimbursement arrangement
<b>GG</b>	Income from qualified equity grants under section 83(i)	<b>HH</b>	Aggregate deferrals under section 83(i) elections as of the close of the calendar year		

**Note.** For more information on these codes, see the General Instructions for Forms W-2 and W-3.

This page intentionally left blank

## **What Do the Codes in Box 12 of Form W-2 Mean?**

Box 12 shows amounts not listed in other places on the form. The amounts shown in box 12 are generally preceded by a code. A list of the codes used in box 12 is shown above.

## **Adjustments to Income**

Adjusted gross income is your total income minus certain adjustments. The following adjustments are of particular interest to members of the Armed Forces.

- Travel Expenses of Armed Forces Reservists.
- Individual Retirement Arrangements.
- Moving Expenses.

Each of these adjustments is discussed below.

# **Travel Expenses of Armed Forces Reservists**

## **Are My Travel Expenses as a Reservist Deductible?**

If you are a member of a reserve component of the Armed Forces and you travel more than 100 miles away from home in connection with your performance of services as a member of the reserves, you can deduct your unreimbursed travel expenses on your tax return. Include all unreimbursed expenses from the time you leave home until the time you return home. See *How To Report My Reserve-Related Travel Expenses*, later, for information on how to report these expenses on your tax return.

## **Am I a Member of a Reserve Component?**

You are a member of a reserve component of the Armed Forces if you are in:

- The Army, Navy, Marine Corps, Air Force, or Coast Guard Reserve;
- The Army National Guard of the United States;
- The Air National Guard of the United States; or
- The Ready Reserve Corps of the Public Health Service.

## **How To Report My Reserve-Related Travel Expenses**

If you have reserve-related travel that takes you more than 100 miles from home, you should first complete Form 2106, Employee Business Expenses.

On Schedule 1 (Form 1040), line 12, enter the part of your expenses, up to the federal rate, included on Form 2106, line 10, that is for reserve-related travel more than 100 miles from your home.

For more information about this limit, see *Per Diem and Car Allowances* in chapter 6 of Pub. 463.

**Example.** Captain Harris, a member of the Army Reserve, traveled to a location 220 miles from his home to perform his work in the Reserves in April 2022. He incurred \$1,557.40 (\$1,575.00) of unreimbursed expenses consisting of \$257.40 (\$275.00) for mileage (440 miles  $\times$  58.5 cents a mile (62.5 cents per mile after June 30, 2022)), \$300 for meals, and \$1,000 for lodging. Only 50% of his meal expenses are deductible because the food or beverages are not provided by a restaurant. He shows his total deductible travel expenses of \$1,407.40 (\$257.40 + \$150 (50% of \$300) + \$1,000) on Form 2106, line 10. He enters the \$1,407.40 (\$257.40 + \$150 + \$1,000) for travel over 100 miles from home on Schedule 1 (Form 1040), line 12.



If after June 30, 2022, he shows his total deductible travel expenses of \$1,425.00 (\$275.00 + \$150 (50% of \$300) + \$1,000) on Form 2106, line 10. He enters the \$1,425.00 (\$275.00 + \$150 + \$1,000) for travel over 100 miles from home on Schedule 1 (Form 1040), line 12.

## **Individual Retirement Arrangements (IRAs)**

An IRA generally includes a traditional IRA, Roth IRA, simplified employee pension (SEP) IRA, and a savings incentive match plan for employees (SIMPLE) IRA.

### **Deductibility of Contributions to My IRA**



***Deductible IRA contributions.*** You no longer need to be younger than age  $70\frac{1}{2}$  to take a deduction for your contributions to an IRA.

Generally, you can deduct the lesser of the contributions to your traditional IRA for the year or the general limit (or spousal IRA limit, if applicable). However, if you or your spouse was covered by an employer-maintained retirement plan at any time during the year for which contributions were made, you may not be able to deduct all of the contributions. The Form W-2 you or your spouse receives from an employer has a box used to indicate whether you were covered for the year. The "Retirement plan" box should have a mark in it if you were covered.

For purposes of a deduction for contributions to a traditional IRA, Armed Forces members (including reservists on active duty for more than 90 days during the year) are considered covered by an employer-maintained retirement plan. The "Retirement plan" box on your Form W-2 should have a mark in it. Your deduction for contributions to a traditional IRA may be subject to a phaseout.

See *Limit if Covered by Employer Plan* in Pub. 590-A for more information.

### **As a military person, do I get additional time to make a contribution to my IRA?**

Individuals serving in the U.S. Armed Forces or in support of the U.S. Armed Forces in designated combat zones have additional time to make a contribution to an IRA. For more information on this extension of deadline provision, see *Are There Filing, Tax Payment, and Other Extensions Specifically for Those in a Combat Zone or a Contingency Operation*, later. For more information on contributions to IRAs, see Pub. 590-A.

### **Is My Combat Zone Pay Included in IRA Calculations?**

For IRA purposes, your compensation includes nontaxable combat zone pay. Even though you don't have to include the combat zone pay in your gross income, you do include it in your compensation when figuring the limits

on contributions, and on deductions for contributions, to IRAs.

## **Treatment of Distributions (and Repayments of Distributions) From an IRA to Qualified Reservists**

**Is a qualified reservist distribution subject to the 10% additional tax?** A qualified reservist distribution, defined below, isn't subject to the 10% additional tax on early distributions from certain retirement plans.

### **What is a qualified reservist distribution?**

With reference to an IRA, a section 401(k) plan, or a 403(b) plan, a distribution you receive is a qualified reservist distribution if the following requirements are met.

- You were ordered or called to active duty after September 11, 2001.
- You were ordered or called to active duty for a period of more than 179

days or for an indefinite period because you are a member of a reserve component (see *Am I a Member of a Reserve Component*, earlier, under *Travel Expenses of Armed Forces Reservists*).

- The distribution is from an IRA or from amounts attributable to elective deferrals under a section 401(k) or 403(b) plan or a similar arrangement.
- The distribution was made no earlier than the date of the order or call to active duty and no later than the close of the active duty period.

**Can I repay amounts distributed from my IRA, section 401(k) or 403(b) plan, or a similar arrangement?** You may be able to contribute (repay), to an IRA, amounts equal to any qualified reservist distributions (defined earlier) you received. You can make these repayment contributions even if they would cause your total contributions to the

IRA to be more than the general limit on contributions. You make these repayment contributions to an IRA, even if you received the qualified reservist distribution from a section 401(k) or 403(b) plan or a similar arrangement.

***Is there a limit to the amount I can repay?*** Your qualified reservist repayments can't be more than your qualified reservist distributions.

***Is there a time limit for repaying?*** You can make these repayment contributions up to and including the date that is 2 years after your active duty period ends.

***Can I deduct qualified reservist repayments?*** You can't deduct qualified reservist repayments.

***Will the repayment affect my IRA deduction?*** The repayment of qualified reservist distributions doesn't affect the

amount you can deduct as an IRA contribution.

***How do you report the repayment?*** If you repay a qualified reservist distribution, include the amount of the repayment with nondeductible contributions on line 1 of Form 8606, Nondeductible IRAs.

## **Tax Relief for Qualified Disaster Distributions and Repayments**

Special rules provide for tax-favored distributions from and repayments to certain retirement plans (including IRAs) on account of economic losses due to disasters declared by the President. To report the qualified distributions and repayments, use Form 8915-D for 2019 disasters and use Form 8915-F for disasters that occur in 2020, 2021, 2022, and future years. For more information, see the Instructions for Form 8915-F and Publication 590-B.

**Note.** For your 2020 return, these qualified disaster distributions are those qualified disaster distributions reported on the 2020 Form 8915-C, Qualified 2018 Disaster Retirement Plan Distributions and Repayments, and described in its instructions; the 2020 Form 8915-D, Qualified 2019 Disaster Retirement Plan Distributions and Repayments, and described in its instructions; and the 2020 Form 8915-E, Qualified 2020 Disaster Retirement Plan Distributions and Repayments (Use for Coronavirus-Related Distributions), and described in its instructions.



*File 2022 Form 8915-F if either of the following applies. You received in 2020 or 2021 a qualified 2020 disaster distribution that you are including in income in equal amounts over 3 years.*

*You made a repayment for 2022 of a qualified 2020 disaster distribution. **Caution.** No qualified disaster distributions could be made*



*in 2022. The last year that qualified 2020 distributions could be made was 2021.*

## **Moving Expenses**

You may be able to exclude from income the value of government-provided services and reimbursement. If you weren't reimbursed, you may be able to deduct expenses you incurred when you moved. We discuss both below.

- *Are Reimbursements, or the Value of Services Provided by the Government When I Move, Included in My Income.*
- *Which Moving Expenses Are Deductible and Which Aren't.*

To deduct moving expenses, you **must** be a member of the Armed Forces on active duty and your move must be due to a military order and the result of a permanent change of station.

**What constitutes a permanent change of station?** A permanent change of station includes:

- A move from your home to your first post of active duty,
- A move from one permanent post of duty to another, and
- A move from your last post of duty to your home or to a nearer point in the United States. The move must occur within 1 year of ending your active duty or within the period allowed under the Joint Travel Regulations.

**Are there additional considerations when a spouse or dependent moves?** If you are the spouse or dependent of a member of the Armed Forces who deserts, is imprisoned, or dies while on active duty, a permanent change of station for you includes a move to:

- The member's place of enlistment or induction;

- Your, or the member's, home of record; or
- A nearer point in the United States.

If the military moves you to or from a different location than the member, the moves are treated as a single move to your new main job location.

### **Are Reimbursements, or the Value of Services Provided by the Government When I Move, Included in My Income?**

Don't include in your income the value of moving and storage services provided by the government because of a permanent change of station. Similarly, don't include in income amounts received as a dislocation allowance, temporary lodging expense, temporary lodging allowance, or move-in housing allowance.

Generally, if the total reimbursements or allowances that you receive from the government because of the move are more

than your actual moving expenses, the excess is included in your wages on Form W-2.

However, if any reimbursements or allowances (other than dislocation allowances, temporary lodging expenses, temporary lodging allowances, or move-in housing allowances) exceed the cost of moving and the excess isn't included in your wages on Form W-2, the excess must still be included in gross income on Form 1040 or 1040-SR, line 1.

If you must relocate and your spouse and dependents move to or from a different location, don't include in income reimbursements, allowances, or the value of moving and storage services provided by the government to move you and your spouse and dependents to and from the separate locations.

## **Which Moving Expenses Are Deductible and Which Aren't**

**How much of my moving expenses can I deduct?** If you move because of a permanent change of station, you can deduct the reasonable unreimbursed expenses of moving you and members of your household. See *How To Report Moving Expenses*, later, for how to report this deduction.

A member of your household is anyone who has both your former home and your new home as his or her main home. It doesn't include a tenant or employee unless you can claim that person as a dependent on your tax return.

### **Which moving expenses can I deduct?**

You can deduct expenses (if not reimbursed or furnished in kind) for:

- Moving household goods and personal effects, and
- Travel.

**Moving household goods and personal effects.** You can deduct the expenses of moving your household goods and personal effects, including expenses for hauling a trailer, packing, crating, in-transit storage, and insurance. You can't deduct expenses for moving furniture or other goods you bought on the way from your old home to your new home.

***Storing and insuring household goods and personal effects.*** You can include only the cost of storing and insuring your household goods and personal effects within any period of 30 consecutive days after the day these goods and effects are moved from your former home and before they are delivered to your new home.

**Travel.** You can deduct the expenses of traveling (including lodging within certain limitations, but not meals) from your old home to your new home, including car

expenses and airfare. You can deduct as car expenses either:

- Your actual out-of-pocket expenses such as gas and oil, or
- The standard mileage rate of 18 cents a mile (22 cents a mile after June 30, 2022).

You can add parking fees and tolls to the amount claimed under either method. You can't deduct any expenses for meals. You can't deduct the cost of unnecessary side trips or lavish and extravagant lodging.

**Moving services and allowances provided by the government.** Don't deduct any expenses for moving services that were provided by the government. Also, don't deduct any expenses that were reimbursed by an allowance you didn't include in income.

## **Foreign Moves**

A foreign move is a move from the United States or its possessions to a foreign country or from one foreign country to another foreign country. A move from a foreign country to the United States or its possessions isn't a foreign move.

For a foreign move, the deductible moving expenses described earlier are expanded to include the reasonable expenses of:

- Moving your household goods and personal effects to and from storage, and
- Storing these items for part or all of the time the new job location remains your main job location. The new job location must be outside the United States.