

# Moving Expense Adjustment

**1974**

▶ Attach to Form 1040.

Name(s) as shown on Form 1040

Social security number

- (a) What is the distance from your former residence to your new business location? ..... miles
- (b) What is the distance from your former residence to your former business location? ..... miles
- (c) If the distance in (a) is 50 or more miles farther than the distance in (b), complete the rest of this form. If the distance is less than 50 miles, you are not entitled to a moving expense deduction. (See instruction A.)

1	Transportation expenses in moving household goods and personal effects . . . . .	
2	Travel, meals, and lodging expenses in moving from former to new residence . . . . .	
3	Pre-move travel, meals, and lodging expenses in searching for a new residence after obtaining employment . . . . .	
4	Temporary living expenses in new location or area during any 30 consecutive days after obtaining employment . . . . .	
5	Total (Add lines 3 and 4.) . . . . .	
6	Enter the lesser: Line 5 or \$1,000 (\$500 if married, filing a separate return, and you resided with your spouse who also started work during the taxable year)	
7	Expenses incident to: (Check one.)	
	(a) <input type="checkbox"/> sale or exchange of your former residence; or,	
	(b) <input type="checkbox"/> if nonowner, settlement of your unexpired lease on former residence . . . . .	
8	Expenses incident to: (Check one.)	
	(a) <input type="checkbox"/> purchase of a new residence; or,	
	(b) <input type="checkbox"/> if renting, acquiring a new lease . . . . .	
9	Total (Add lines 6, 7, and 8.) . . . . .	
<p><b>Note:</b> If you use the amounts shown on line 7(a) or 8(a) as part of your moving expense and line 9 exceeds \$2,500 (\$1,250 if married, filing a separate return, and you resided with your spouse who also started to work during the taxable year), you may reduce line 7(a) or 8(a) by the excess. Consider the reduction a decrease in realized gain on the sale of your residence or as an increase in the basis of your new residence, or both.</p>		
10	Enter the lesser: Line 9 or \$2,500 (\$1,250 if married, filing a separate return, and you resided with your spouse who also started work during the taxable year). (See instruction C(2).) . . . . .	
11	Total moving expenses (Add lines 1, 2, and 10.) . . . . .	
12	Reimbursements and allowances received for this move (other than amounts included on Form W-2) (See instruction L.) . . . . .	
13	If line 12 is less than line 11, enter the excess here and on Form 1040, line 40 . . . . .	
14	If line 12 is larger than line 11, enter the excess here and on Form 1040, line 37, as "Excess moving reimbursement" . . . . .	

## Instructions

**A. Who May Deduct Moving Expenses.**—An employed or a self-employed person may deduct reasonable moving expenses paid or incurred during the taxable year in connection with a move he makes to a new principal work place.

The deduction is allowable to you only if (a) your change in job location has added at least 50 miles to the distance from your old residence to your work, or (b) if you had no former principal work place, your new principal work place is at least 50 miles from your former residence. (The distance between two points

is considered to be the shortest of the more commonly traveled routes between those points.)

Also, the deduction is allowable only if either (a) during the 12 months immediately following your arrival in the general location of your new principal work place you are a full-time employee during at least 39 weeks, or (b) during the 24 months immediately following such arrival you are a full-time employee or self-employed on a full-time basis during at least 78 weeks, of which not less than 39 weeks are during the 12 months following your arrival.

**B. The 39 Week/78 Week Test.**—Disregard the 39 week/78 week test referred to in instruction A if employment is terminated because of death, disability, involuntary separation (other than for willful misconduct), or transfer for the employer's benefit.

If you have not satisfied the 39 week/78 week test before time for filing your return for the taxable year in which you paid or incurred the moving expenses, but believe you will later satisfy it, you may still deduct those expenses in the year you paid or incurred them.

(Continued on back)

If, however, you have not satisfied the 39 week/78 week test at the close of your next taxable year, you must include an amount equal to the deduction for moving expenses taken in the prior year, in income you report for that next year, unless you file an amended return to eliminate the deduction for the year you claimed it.

### C. Deductible Moving Expenses.—

(1) *Expenses Not Subject to a Dollar Limitation, lines 1 and 2.*—These are:

(a) Expenses for moving household goods and personal effects from your former to your new residence, and

(b) Travel expenses (including meals and lodging) from your former to your new residence (not to be confused with other travel expenses, explained below).

(2) *Expenses Subject to a Dollar Limitation, lines 3, 4, 7, and 8.*—These are:

(a) Travel expenses (including meals and lodging), after you obtain employment, from your former residence to the general location of your new principal work place and return, primarily to find a new residence.

(b) Meals and lodging expenses while occupying temporary quarters in the general location of your new principal work place during any 30 consecutive days after you obtain employment, and

(c) Qualified expenses attributable to the sale, purchase, or lease of your residence.

These C(2) expenses cannot exceed \$2,500 overall per move, of which the C(2)(a) and (b) expenses cannot exceed \$1,000.

If you and your spouse both begin work at new principal work places during the taxable year, consider the two events as one when assigning the dollar limitations in C(2) if, at the end of the taxable year, you have shared the same new residence. If you file separate returns, these expenses are limited to \$1,250 overall per move for each of you, and the C(2)(a) and (b) expenses cannot exceed \$500 for each of you.

However, if you and your spouse have not shared the same new residence nor made specific plans to do so within a determinable time, consider the events separately. If you file separate returns, these expenses are limited to \$2,500 overall per move, and the C(2)(a) and (b) expenses cannot exceed \$1,000. If you file a joint return, these expenses are limited to \$5,000 overall per move, and the C(2)(a) and (b) expenses cannot exceed \$2,000.

### D. Reasonable Moving Expenses.—

The term "moving expenses" includes only those expenses that are reasonable under the particular move's circumstances. Expenses related to your house-

hold members include only those for members who had and have both your former and new residences, respectively, as their principal abodes. (A servant, governess, chauffeur, nurse, or valet is not generally considered to be a member of your household.)

**E. Household Goods and Personal Effects.**—In your expenses of moving household goods and personal effects from your former to your new residence, include the actual cost of transportation or hauling, packing and crating, in-transit storage, and insurance.

**F. Travel Expenses from Former Residence to New Residence.**—These include the cost of transportation, meals, and lodging (including costs for your arrival date). The deduction for travel expenses from your former to your new residence is allowable for only one trip. However, it is not necessary that you and all members of your household travel together and at the same time. (To compute the cost of transportation if you use your own car, see instruction G, below.)

**G. Travel Expenses (after obtaining employment) From Former Residence to General Location of New Principal Work Place and Return, for Purpose of Searching for a New Residence.**—Travel expenses are deductible only if (1) you begin the trip after you have obtained employment in the general location of your new principal work place; (2) you return to your former residence after searching for a new residence in the general location of your new principal work place; and (3) your principal purpose in traveling to the general location of the new principal work place is to search for a new residence.

Your deduction for travel expenses for the principal purpose of looking for a new residence is not limited to any number of trips by you and your household members. Moreover, to be deductible, a trip need not result in a lease or purchase of property.

If you use your own automobile for this transportation, you may compute the transportation expenses in either of two ways: (1) actual out-of-pocket expenses (for example, gasoline, oil, repairs); or (2) at a rate of seven cents a mile. If you claim out-of-pocket expenses, keep an adequate record to verify amounts; if you use the seven-cents-a-mile method, attach a schedule to verify the mileage.

**H. Meals and Lodging Expenses While Occupying Temporary Quarters.**—These are deductible for any 30 consecutive days after you have obtained employment in the general location of your new principal work place.

### I. Qualified Expenses Attributable to

**the Sale, Purchase, or Lease of a Residence.**—This term means only those reasonable expenses (such as sales commissions, advertising expenses, attorney's and legal fees, title fees, escrow fees, and State transfer taxes) incident to (a) the sale or exchange of your former residence (not including expenses for work performed on the residence to assist in its sale) which would be taken into account in determining the amount realized on the sale or exchange; (b) your purchase of a new residence which otherwise would be included in (i) the adjusted basis of your new residence, or (ii) the cost of the loan (but not including payments or prepayments of interest); (c) the settlement of an unexpired lease on your former residence; or (d) your acquisition of a lease on your new residence (excluding payments or prepayments of rent).

**J. Nondeductible Expenses.**—Moving expenses do not include, for example, any loss incurred on the sale, exchange, or other disposition of property; mortgage penalties; cost of refitting rugs or draperies; losses due to the disposal of memberships in clubs; tuition; or similar items.

**K. Self-employed Individuals.**—A self-employed individual is one who performs personal services as (a) the owner of the entire interest in an unincorporated trade or business, or (b) a partner in a partnership operating a trade or business.

To deduct expenses on lines 3 and 4 as a self-employed person, you have met the condition of having obtained employment if you have made substantial arrangements to commence work.

**L. Reimbursements and Allowances.**—Include all reimbursements and allowances for moving expenses in income. In general, you will find such reimbursements and allowances included on your Form W-2. However, if there is doubt, check with your employer. Use line 12 for reporting reimbursements and allowances if they are not included elsewhere on Form 1040 or related schedules.

**M. No Double Benefits Allowable.**—You cannot reduce the amount realized on the sale of your old residence by any expenses which become part of your moving expense deduction on line 7. You cannot increase the basis of your new residence by the amount of any expenses which become part of your moving expense deduction on line 8. If you include such expenses in income because you have not met some condition for the allowance of this deduction, make an appropriate adjustment to the selling price or basis.

**N. Publication 521.**—For additional information, you may obtain Publication 521, Tax Information on Moving Expenses, free at Internal Revenue Service offices.