1990

Department of the Treasury
Internal Revenue Service

Instructions for Form 3903

Moving Expenses

Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us this information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file

Distance Test.—Your new principal place of work (workplace) must be at least 35 miles farther from your old home than your old workplace was. For example, if your old workplace was 3 miles from your old home, your new workplace must be at least 38 miles from that home. If you did not have an old workplace, your new workplace must be at least 35 miles from your old home. (The distance between two points is the

or survivors living outside the United States, as explained on this page.

If you are in the armed forces, you do not have to meet the distance and time tests if the move is due to a permanent change of station. A permanent change of station includes a move in connection with and within 1 year of retirement or other termination of active duty. In figuring your moving expenses, do not deduct any moving

move to the new location (Part I, Sections A and B), pre-move househunting expenses and expenses of temporary quarters once you arrive in the new location (Section C), and certain qualified real estate expenses (Section D)

You MAY NOT deduct expenses of a loss on the sale of your home, mortgage penalties, refitting draperies and carpets, or quitting club memberships. Neither can you deduct expenses for employees such as a servant, governess, or nurse

Reimbursements

You must include any reimbursement of, or payment for, moving expenses in gross income as compensation for services. If your employer paid for any part of your move, you must report that amount as income on **Form 1040, line 7.** Your employer should include the amount paid in your total income on Form W-2 However, if you are not sure that the reimbursements have been included in your Form W-2, check with your employer Your employer must give you a statement showing a detailed breakdown of reimbursements or payments for moving expenses. Your employer may use **Form 4782,** Employee Moving Expense Information, to give you the required breakdown of reimbursements, or your employer may use his or her own form

You may choose to deduct moving expenses in the year you are reimbursed by your employer, even though you paid for the moving expenses in a different year However, special rules apply See **How to Report** in Pub. 521

Meal Expenses

Only 80% of your meal expenses are deductible This limit is figured on lines 7 and 12 in Sections B and C, respectively

No Double Benefit

You may not take double benefits. For example, you may not use the moving expenses on line 14 that are part of your moving expense deduction to lower the amount of gain on the sale of your old home In addition, you may not use the moving expenses on line 15 that are part of your moving expense deduction to add to the cost of your new home (Use **Form 2119,** Sale of Your Home, to figure the gain, if any, you must report on the sale of your old home and the adjusted cost of the new one.)

Part I Instructions

We have provided specific instructions for most of the form The lines that do not appear in these instructions are self-explanatory

Section A.—Enter on line 4 the actual cost to pack, crate, move, store in transit, and insure your household goods and personal effects.

Section B.—Enter the costs of travel from your old home to your new home These include transportation, meals, and lodging on the way Include costs for the day you arrive *Show your meal expenses separately on line 6.* You may only include expenses for one trip. However, not all the members of your household have to travel together or at the same time

If you use your own car, you may figure the expenses in either of the following two ways.

- Actual out-of-pocket expenses for gas and oil (keep records to verify the amounts), or
- At the rate of 9 cents a mile (keep records to verify your mileage).

You may add parking fees and tolls to the amount claimed under either method

Section C.—Include the costs of travel to look for a new home before you move and temporary quarters expenses after you move Report pre-move househunting travel and lodging on line 9, temporary quarters expenses on line 10, and the combined cost of meals on line 11

Pre-move househunting expenses are deductible only if:

- You took the trip after you got the job, **and**
- You returned to your old home after looking for a new one, **and**
- You traveled to the new work area primarily to look for a new home

There is no limit on the number of househunting trips taken, and you do not have to be successful to qualify for this deduction If you used your own car, figure transportation costs the same way as you did in Section B If you are self-employed, you may deduct househunting costs only if you had already made substantial arrangements to begin work in the new location

You may deduct the cost of meals and lodging while occupying temporary quarters in the area of your new workplace You may include the costs for any period of 30 days in a row after you get the job, but before you move into permanent quarters. If you are self-employed, you may count these expenses only if you had already made substantial arrangements to begin work in the new location

Section D.—You may include most of the costs to sell or buy a home or to settle or get a lease Examples of qualified real estate expenses you MAY include are

- Sales commissions,
- Advertising costs,
- Attorney's fees,
- Title and escrow fees,
- State transfer taxes, and
- Costs to settle an unexpired lease or to get a new lease

Examples of expenses you MAY NOT include are

- Costs to improve your home to help it sell,
- Charges for payment or prepayment of interest; and
- Payments or prepayments of rent.

Check the appropriate box, **a** or **b,** for lines 14 and 15 when you enter the amounts for these two lines.

Part II Instructions

The following dollar limits apply to the expenses shown in Part I

Line 16.—Enter the total of your househunting and temporary quarters expenses (line 13) These expenses are limited to $1,500 (on line 17)

Line 18.—Enter the amount from line 17 plus your qualified real estate expenses (lines 14 and 15). This total is limited to $3,000 (on line 19).

There are some special situations.

- If both you and your spouse began work at new workplaces and shared the same new home at the end of 1990, you must treat this as one move rather than two. If you file separate returns, each of you is limited to a total of $750 on line 17, and to a total of $1,500 on line 19
- If both you and your spouse began work at new workplaces but each of you moved to separate new homes, this is treated as two separate moves. If you file a joint return, line 17 is limited to a total of $3,000, and line 19 is limited to a total of $6,000 If you file separate returns, each of you is limited to a total of $1,500 on line 17, and a total of $3,000 on line 19

Note: *If you checked box **a** on **line 14,** any amount on line 14 that you cannot deduct because of the dollar limit should be used on Form 2119 to decrease the gain on the sale of your old home. If you checked box **a** on **line 15,** use any amount on line 15 that you cannot deduct because of the limit to increase the basis of your new home.*

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