

1991



Department of the Treasury
Internal Revenue Service

Instructions for Form 3903F

Foreign 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 the 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 this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	52 min.
Learning about the law or the form	7 min.
Preparing the form	29 min.
Copying, assembling, and sending the form to the IRS	20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the Instructions for Form 1040.

Purpose of Form

Use Form 3903F if you are a U.S. citizen or resident alien who moved to a new principal workplace outside the United States or its possessions and you qualify to deduct your moving expenses.

Note: Use **Form 3903, Moving Expenses**, instead of this form if you moved from a foreign country to the United States or its possessions because of a change in the location of your job. Form 3903 should also be used by retirees and survivors who qualify to deduct their expenses for moving from a foreign country to the United States or its possessions.

Additional Information

For more information about moving expenses, please get **Pub. 521, Moving Expenses**.

Retirees and survivors should get **Pub. 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad**, for an explanation of the requirements that must be met to deduct moving expenses.

Who May Deduct

If you moved to a different home because you began work at a new workplace outside the United States or its possessions, you may be able to deduct

your moving expenses. You may qualify for a deduction whether you are self-employed or an employee. However, you must meet certain tests explained below.

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 shortest of the more commonly traveled routes between the points.

Time Test.—If you are an employee, you must work full time in the general area of your new workplace for at least 39 weeks during the 12 months right after you move. If you are self-employed, you must work full time in the general area of your new workplace for at least 39 weeks during the first 12 months and a total of at least 78 weeks during the 24 months right after you move.

You may deduct your moving expenses for 1991 even if you have not met the time test before your 1991 tax return is due. You may do this if you expect to meet the 39-week test by the end of 1992 or the 78-week test by the end of 1993. If you have not met the test by then, you will have to do one of the following:

- Amend your 1991 tax return on which you deducted moving expenses. To do this, use **Form 1040X**, Amended U.S. Individual Income Tax Return; or
- In the year you cannot meet the test, report as income on your tax return the amount of your 1991 moving expense deduction that reduced your 1991 income tax. For more information, see **Time Test** in Pub. 521.

If you do not deduct your moving expenses on your 1991 return and you later meet the time test, you may take the deduction by filing an amended return for 1991. To do this, use Form 1040X.

Exceptions to the Distance and Time Tests.—You do not have to meet the time test in case of death, if your job ends because of disability, if you are transferred for your employer's benefit, or if you are laid off or discharged for a reason other than willful misconduct.

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 expenses for moving services that were provided by the military or that were reimbursed to you and that you did not include in income. However, you may deduct your unreimbursed moving expenses subject to the dollar limits. If you and your spouse and dependents are moved to or from different locations, treat the moves as a single move.

Moving Expenses in General

You may deduct most of the reasonable expenses you incur in moving your family and dependent household members. These include your costs to 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 canceling club memberships. Nor can you deduct expenses for employees such as a servant, governess, or nurse.

Reimbursements

You must include in gross income as compensation for services any reimbursement of, or payment for, moving expenses. 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**, or 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 line 6 in Section B and on line 11 in Section C.

No Double Benefit

You may not take double benefits. For example, you may not use the moving expenses on line 13 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 14 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.

If you file **Form 2555**, Foreign Earned Income, to exclude any of your income or housing costs, you may not deduct the part of your moving expenses that is allocable to the excluded income. See the instructions for line 19 and Pub. 54 for information on how to figure the part of your moving expenses that is allocable to the excluded income and how to report this amount.

Part I Instructions

Section A.—Enter on line 3 the actual cost of packing, crating, moving, storing, and insuring your household goods and personal effects. Also, include moving your possessions to and from storage and storing them for all or part of the time the new workplace continues to be your principal workplace.

Note: *If you moved in an earlier year and are claiming only storage fees during your absence from the United States, you do not have to complete this form. Enter the net amount (after the reduction for the part that is allocable to excluded income) on Schedule A (Form 1040), line 18. Next to the amount, write "Storage Fees."*

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 5.* Although not all the members of your household have to travel together or at the same time, you may only include expenses for one trip per person.

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 8, temporary quarters expenses on line 9, and the combined cost of meals on line 10.

Pre-move househunting expenses are deductible only if:

- You began the househunting trip after you got the job, **and**

- You returned to your old home after looking for a new one, **and**
- You traveled to the general location of the new workplace primarily to look for a new home.

There is no limit on the number of househunting trips you may take 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 in the instructions for 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 costs of meals and lodging while occupying temporary quarters in the area of your new workplace. You may include these costs for any period of 90 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 real estate 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**, on lines 13 and 14 when you enter the amounts for these two lines.

Part II Instructions

If both you and your spouse began work at new workplaces and shared the same new home at the end of 1991, you must treat this as one move rather than two. If you file separate returns, each of you is limited to a total of \$2,250 on line 15, and to a total of \$3,000 on line 17.

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 15 is limited to a total of \$9,000, and line 17 is limited to a total of \$12,000. If you file separate returns, each of you is limited to a total of \$4,500 on line 15, and a total of \$6,000 on line 17.

Note: *If you checked box **a** on line 13, any amount on line 13 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 14, use any amount on line 14 that you cannot deduct because of the limit to increase the basis of your new home.*

Line 19.—If you file Form 2555 and your period of bona fide residence or physical presence in the year of your move is 120 days or more, the moving expense is connected with earning the income at the foreign location in the year of your move. Figure the unallowable part of the moving expenses by multiplying the amount on line 18 by a fraction, the numerator of which is the excluded income and the denominator of which is total foreign earned income. Enter the result on line 19. Attach a statement to your return showing how you figured this amount.

If your period of bona fide residence or physical presence in the year of your move is **less than 120 days**, the moving expense (except storage expense) is connected with earning the income at the foreign location in the year of the move **and** the year following the move. Figure the unallowable part of the moving expense by multiplying the amount on line 18 by a fraction, the numerator of which is the income excluded in both years and the denominator of which is the total foreign earned income in both years. Enter the result on line 19. Attach a statement to your return showing how you figured this amount.

Recapture of Moving Expense Deduction.

—If your moving expense deduction is attributable to your foreign earnings in 2 years (the year of the move and the following year), you should preferably request an extension of time to file your return for the year of the move until after the end of the following year. You would then have all the information needed to properly figure the moving expense deduction.

If you do not request an extension, you should provisionally figure the part of the entire moving expense deduction that is disallowed by multiplying the moving expense by a fraction, the numerator of which is your excluded foreign earned income for the year of the move, and the denominator of which is your total foreign earned income for the year of the move. Then, when you know your foreign earnings and exclusion for the following year, you must adjust the moving expense deduction by filing an amended return for the year of the move, or by recapturing any additional unallowable amount as income on your return for the following year. If after you make the final computation you have an additional amount of allowable moving expense deduction, you may claim this only on an amended return for the year of the move; you may not claim it on the return for the second year.