

1993



Department of the Treasury
Internal Revenue Service

Instructions for Form 3903-F

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.

General Instructions

Purpose of Form

Use Form 3903-F to figure your moving expense deduction if you are a U.S. citizen or resident alien who moved to a new principal place of work (workplace) **outside** the United States or its possessions. If you qualify to deduct expenses for more than one move, use a separate Form 3903-F for each move.

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 details, get **Pub. 521, Moving Expenses**. Retirees and survivors should also get **Pub. 521** for an explanation of the requirements that must be met to deduct moving expenses.

Who May Deduct Moving Expenses

If you moved to a different home because of a change in job location outside the United States or its possessions, you may be able to deduct your moving expenses. You may be able to take the deduction whether you are self-employed or an employee. But you must meet certain tests explained next.

Distance Test.—Your new principal 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 the two points is the shortest of the more commonly traveled routes between them.

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 1993 even if you have not met the time test before your 1993 tax return is due. You may do this if you expect to meet the 39-week test by the end of 1994 or the 78-week test by the end of 1995. If you deduct your moving expenses on your 1993 return but do not meet the time test, you will have to either:

- Amend your 1993 tax return by filing **Form 1040X**, Amended U.S. Individual Income Tax Return, or
- Report the amount of your 1993 moving expense deduction that reduced your 1993 income tax as income in the year you cannot meet the test. For more details, see **Time Test** in **Pub. 521**.

If you do not deduct your moving expenses on your 1993 return and you later meet the time test, you may take the deduction by filing an amended return for 1993. To do this, use Form 1040X.

Exceptions to the Time Test.—The time test does not have to be met in case of death. You do not have to meet the time test if any of the following apply:

- Your job ends because of disability.
- You are transferred for your employer's benefit.
- You are laid off or discharged for a reason other than willful misconduct.

Members of the Armed Forces

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.

Note: If the total reimbursements and allowances you received from the government in connection with the move are more than your actual moving expenses, include the excess in income on Form 1040, line 7. **Do not complete Form 3903-F.**

How To Complete Form 3903-F.—If your total reimbursements and allowances are less than your actual moving expenses, first complete Part I of Form 3903-F using your actual expenses. **Do not** reduce your

expenses by any reimbursements or allowances you received from the government in connection with the move. Also, do not include any expenses for moving services that were provided by the government. If you and your spouse and dependents are moved to or from different locations, treat the moves as a single move.

Next, complete lines 15 through 17 of Form 3903-F. Then, read the instructions for line 18 on the next page.

Deductible Moving Expenses

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 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. Do not 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 on 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 lines 6 and 11.

No Double Benefits

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 basis 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 basis 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**, Tax Guide for U.S. Citizens and Resident Aliens Abroad, 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.

Specific Instructions

Part I—Moving Expenses

Line 3.—Enter the actual cost to pack, crate, move, store, and insure 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."*

Lines 4 and 5.—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. Report the cost of transportation and lodging on line 4. Report 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 cars, you may figure the expenses by using either:

- Actual out-of-pocket expenses for gas and oil, or
- Mileage at the rate of 9 cents a mile.

You may add parking fees and tolls to the amount claimed under either method. Keep records to verify your expenses.

Lines 8 through 10.—Enter 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:

- Took the trip after you got the job, **and**
- Returned to your old home after looking for a new one, **and**
- 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 in finding a home to qualify for this deduction. If you used your

own car, figure transportation costs as explained in the instructions for lines 4 and 5. 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. See Pub. 521 for factors used to determine if substantial arrangements were made.

You may deduct the costs of meals and lodging while occupying temporary quarters in the area of your new workplace. 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.

Lines 13 and 14.—Enter your qualified real estate expenses. Also, check the appropriate box, **a** or **b**. You may include most of the costs to sell or buy a home or to settle or get a lease. Examples of expenses you **may** include are:

- Sales commissions.
- Advertising costs.
- Attorney's fees.
- Title and escrow fees.
- State transfer taxes.
- Costs to settle an unexpired lease such as attorney's fees, real estate commissions, or amounts paid to the lessor.
- Fees or commissions to get a lease, sublease, or an assignment of a 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.
- Payments or prepayments of rent (including security deposits) to get a new lease.

Part II—Dollar Limits and Moving Expense Deduction

Lines 15 and 17.—The dollar limits on these lines apply to the total expenses **per move** even though you may claim expenses related to the same move in more than 1 year. For more details, see **How To Report** in Pub. 521.

If both you and your spouse began work at new workplaces and shared the same new home at the end of 1993, 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 dollar limit to increase the basis of your new home.*

Line 18.—If you are a member of the armed forces, add the amounts on lines 3, 7, and 17. From that total, subtract the total reimbursements and allowances you received from the government in connection with the move. If the result is more than zero, enter the result on line 18. Then, complete the rest of the form to figure the amount to enter on Schedule A, line 18.

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 the fraction is the excluded income and the denominator 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 the fraction is the income excluded in both years and the denominator 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 the fraction is your excluded foreign earned income for the year of the move and the denominator 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.