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Moving Expenses

For use in preparing
1994 Returns

Contents

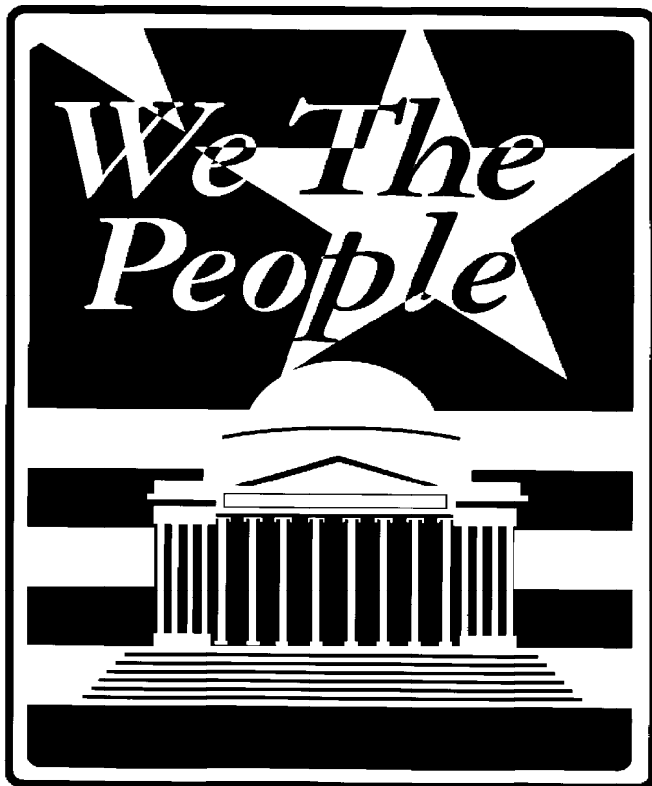
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Important Changes for 1994

No deduction allowed for certain moving expenses. For expenses incurred beginning in 1994, you cannot deduct as moving expenses amounts you pay for:

- Meals while moving from your old residence to your new residence,
- Travel expenses, meals, and lodging for pre-move househunting trips,
- Meals and lodging while occupying temporary quarters in the area of your new job, and
- Qualified residence sale, purchase, and lease expenses.

Distance test. To deduct expenses incurred beginning in 1994, your new main job location must be at least 50 miles farther from your former home than your old main job location.



Moving expenses no longer an itemized deduction. For expenses incurred beginning in 1994, allowable moving expenses are no longer an itemized deduction. You can deduct these expenses in figuring your adjusted gross income.

Reimbursements. If you are reimbursed by your employer for allowable moving expenses incurred beginning in 1994, your employer should exclude these reimbursements from your income. You can only deduct allowable moving expenses that were not reimbursed by your employer, or that were reimbursed but the reimbursement was included in your income.

Important Reminder

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).

Introduction

This publication explains when you can deduct certain expenses of moving to a new home because you changed job locations or started a new job.

You may qualify for the deduction whether you are self-employed or an employee. The

expenses must be related to starting work at your new job location. However, certain retirees and survivors may qualify to claim the deduction even if they are not starting work at a new job location. See *Who Can Deduct Moving Expenses*.

This publication is divided into three chapters. Chapter 1 discusses the rules that apply to moving expenses incurred beginning in 1994. Chapter 2 discusses additional rules that apply to moving expenses incurred before 1994. Finally, Chapter 3 illustrates two examples—a move within the United States and a move to a foreign country.

Home defined. Your *home* means your main home (residence). It may be a house, apartment, condominium, houseboat, house trailer, or similar dwelling. It does not include other homes owned or kept up by you or members of your family. It also does not include a seasonal home, such as a summer beach cottage. Your *former home* means your home before you left for your new job location. Your *new home* means your home within the area of your new job location.

Useful Items

You may want to see:

Publication

- 523** Selling Your Home

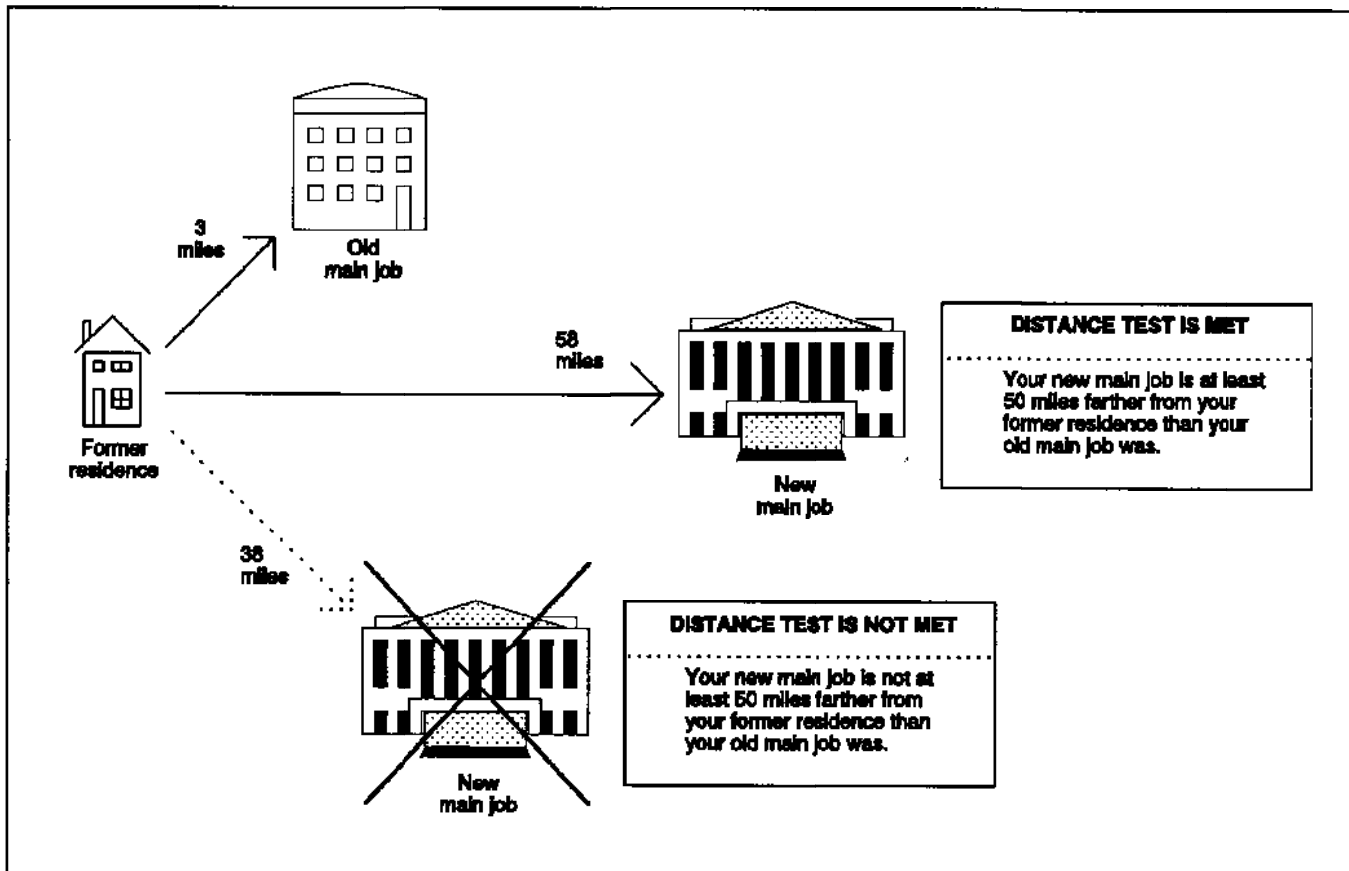
Form (and Instructions)

- W-2** Wage and Tax Statement
 - 2119** Sale of Your Home
 - 3903** Moving Expenses
 - 3903-F** Foreign Moving Expenses
 - 4782** Employee Moving Expense Information
 - 8822** Change of Address
-

Ordering publications and forms. To order free publications and forms, call our toll-free telephone number 1-800-TAX-FORM (1-800-829-3676). If you have access to TDD equipment, you can call 1-800-829-4059. See your tax package for the hours of operation. You can also write to the IRS Forms Distribution Center nearest you. Check your income tax package for the address.

Asking tax questions. You can call the IRS with your tax question Monday through Friday during regular business hours. Check your telephone book for the local number or you can call toll-free 1-800-829-1040 (1-800-829-4059 for TDD users).

Figure 1. Illustration of Distance Test



1. Moving Expenses Incurred Beginning in 1994

This chapter discusses the rules that apply to moving expenses incurred beginning in 1994. This includes:

- Who can deduct moving expenses,
- Deductible expenses,
- Nondeductible expenses,
- Tax withholding and estimated tax, and
- How to report.

If you incurred moving expenses before 1994, see Chapter 2.

Who Can Deduct Moving Expenses

You can deduct your allowable moving expenses if your move is closely related to the

start of work. You also must meet a distance test and a time test. These two tests are discussed later.

This chapter contains three charts that may help you determine whether your move qualifies for a deduction. They are:

- 1) Figure 1, *Illustration of Distance Test*, which shows the minimum distance your move must cover,
- 2) Figure 2, *Qualifying Moves Within the U.S.*, which covers general qualifications, and
- 3) Table 1, *Reporting Employee Moving Expenses and Reimbursements*, which covers how to report your expenses and reimbursements.

Retirees or survivors. If you work outside of the U.S. or are a survivor of someone who worked outside the U.S., you may be able to deduct the expenses of moving to the U.S. or its possessions even if the move is not related to a new job. See *Retirees or Survivors Who Move to the U.S.*, later.

Related to Start of Work

Your move must be closely related, both in time and in place, to the start of work at your new job location.

Closely related in time. In general, moving expenses incurred within one year from the date you first reported to work are considered closely related in time to the start of work at the new location. It is not necessary that you arrange to work before moving to a new location, as long as you actually do go to work.

If you do not move within one year, you ordinarily cannot deduct the expenses unless you can show that circumstances existed that prevented the move within that time.

Example. Your family moved more than a year after you started work at a new location. Their move was delayed because you allowed your child to complete high school. You can deduct your allowable moving expenses.

Closely related in place. A move is generally considered closely related in place to the start of work if the distance from your new home to the new job location is not more than the distance from your former home to the new job location. A move that does not meet this requirement may qualify if you can show that:

A condition of employment requires you to live at your new home, or

You will spend less time or money commuting from your new home to your new job.

Distance Test

Your move will meet the distance test if your new main job location is **at least 50 miles** farther from your former home than your old main job location. For example, if your old job was 3 miles from your former home, your new job must be at least 53 miles from that former home.

The distance between a job location and your home is the shortest of the more commonly traveled routes between them. The distance test considers only the location of your former home. It does not apply to the location of your new home.

Example. You moved to a new home less than 50 miles from your former home because you changed job locations. Your old job was 3 miles from your former home. Your new job is 60 miles from that home. Because your new job is 57 miles farther from your former home than the distance from your former home to your old job, you meet the 50-mile distance test.

First job or return to full-time work. If you go to work full time for the first time, your place of work must be at least 50 miles from your former home to meet the distance test. If you go back to full-time work after a substantial period of part-time work or unemployment, your place of work must also be at least 50 miles from your former home.

Exception for Armed Forces. If you are in the Armed Forces and you moved because of a permanent change of station, you do not have to meet the distance test. See *Members of the Armed Forces*, later.

Main job location. Your main job location is usually the place where you spend most of your working time. A new job location is a new place where you will work permanently or indefinitely rather than temporarily. If there is no one place where you spend most of your working time, your main job location is the place where your work is centered—for example, where you report for work or are otherwise required to “base” your work.

Union members. If you work for a number of employers on a short-term basis and you get work under a union hall system (such as a construction or building trades worker), your main job location is the union hall.

More than one job. If you have more than one job at any time, your main job location depends on the facts in each case. The more important factors to be considered are:

- The total time you spend at each place,
- The amount of work you do at each place, and
- The money you earn from each place.

Time Test

To deduct your moving expenses, you also must meet one of the following time tests.

Time test for employees. If you are an employee, you must work full time for at least **39 weeks during the first 12 months** after you arrive in the general area of your new job location. For this time test, count only your full-time work as an employee; do not count any work you do as a self-employed person. You do not have to work for the same employer for the 39 weeks. You do not have to work 39 weeks in a row. However, you must work full time within the same general commuting area. Full-time employment depends on what is usual for your type of work in your area.

Temporary absence from work. You are considered to be working full time during any week you are temporarily absent from work because of illness, strikes, lockouts, layoffs, natural disasters, or similar causes. You are also considered to be a full-time employee during any week you are absent from work for leave or vacation that is provided for in your work contract or agreement.

Seasonal work. If your work is seasonal, you are considered to be working full time during the off-season only if your work contract or agreement covers an off-season period and that period is less than 6 months. For example, a school teacher on a 12-month contract who teaches on a full-time basis for more than 6 months is considered a full-time employee for 12 months.

Time test for self-employed persons. If you are self-employed, you must work full time for at least **39 weeks during the first 12 months AND for a total of at least 78 weeks during the first 24 months** after you arrive in the area of your new job location. For this time test, count any full-time work you do as an employee or as a self-employed person. You do not have to work for the same employer or be self-employed in the same trade or business for the 78 weeks.

Self-employment. You are self-employed if you work as the sole owner of an unincorporated business or as a partner in a partnership carrying on a business. You are not considered self-employed if you are semiretired, are a part-time student, or work only a few hours each week.

Full-time work. Whether you perform services full time during any week depends on what is usual for your type of work in your area. For example, you are a self-employed dentist and maintain office hours 4 days a week. You are considered to perform services full time if it is not unusual for other self-employed dentists in the area to maintain office hours 4 days a week.

Temporary absence from work. You are considered to be self-employed on a full-time basis during any week you are temporarily absent from work because of illness, strikes, natural disasters, or similar causes.

Seasonal trade or business. If your trade or business is seasonal, the off-season weeks when no work is required or available may be

counted as weeks of performing services full time. The off-season must be less than 6 months and you must work full time before and after the off-season.

For example, you own and operate a motel at a beach resort. You are considered self-employed on a full-time basis during the weeks of the off-season if the motel is closed for less than 6 months and you work as a full-time operator of the motel before and after the off-season.

If you are an employee and become self-employed before satisfying the 39-week test for employees, you meet the time test if you satisfy the 78-week test for self-employed persons. Under the 78-week test, you still have to work full time for 39 weeks during the first 12 months; however, you can count any full-time work you do as an employee or as a self-employed person.

If you are self-employed and become an employee before satisfying the 78-week test, but you work as an employee for at least 39 weeks during the first 12 months after you arrived at the new job location, you will satisfy the time test for employees. If you cannot satisfy that time test, you can use the time spent as a full-time employee to satisfy the 78-week test. Under the 78-week test, you still have to work full time for 39 weeks during the first 12 months; however, you can count any full-time work you do as an employee or as a self-employed person.

If you are both self-employed and an employee, the amount of time you spend as each determines whether you must meet the 78-week test for self-employed persons or the 39-week test for employees. If you spend most of your working time as a self-employed person, you must meet the 78-week test (which includes a requirement to work 39 weeks during the first 12 months). If you spend most of your working time as an employee, you must meet the 39-week test.

Joint return. If you are married and file a joint return and both you and your spouse work full time, either of you can satisfy the full-time work test. However, you cannot combine the weeks your spouse worked with the weeks you worked to satisfy that test.

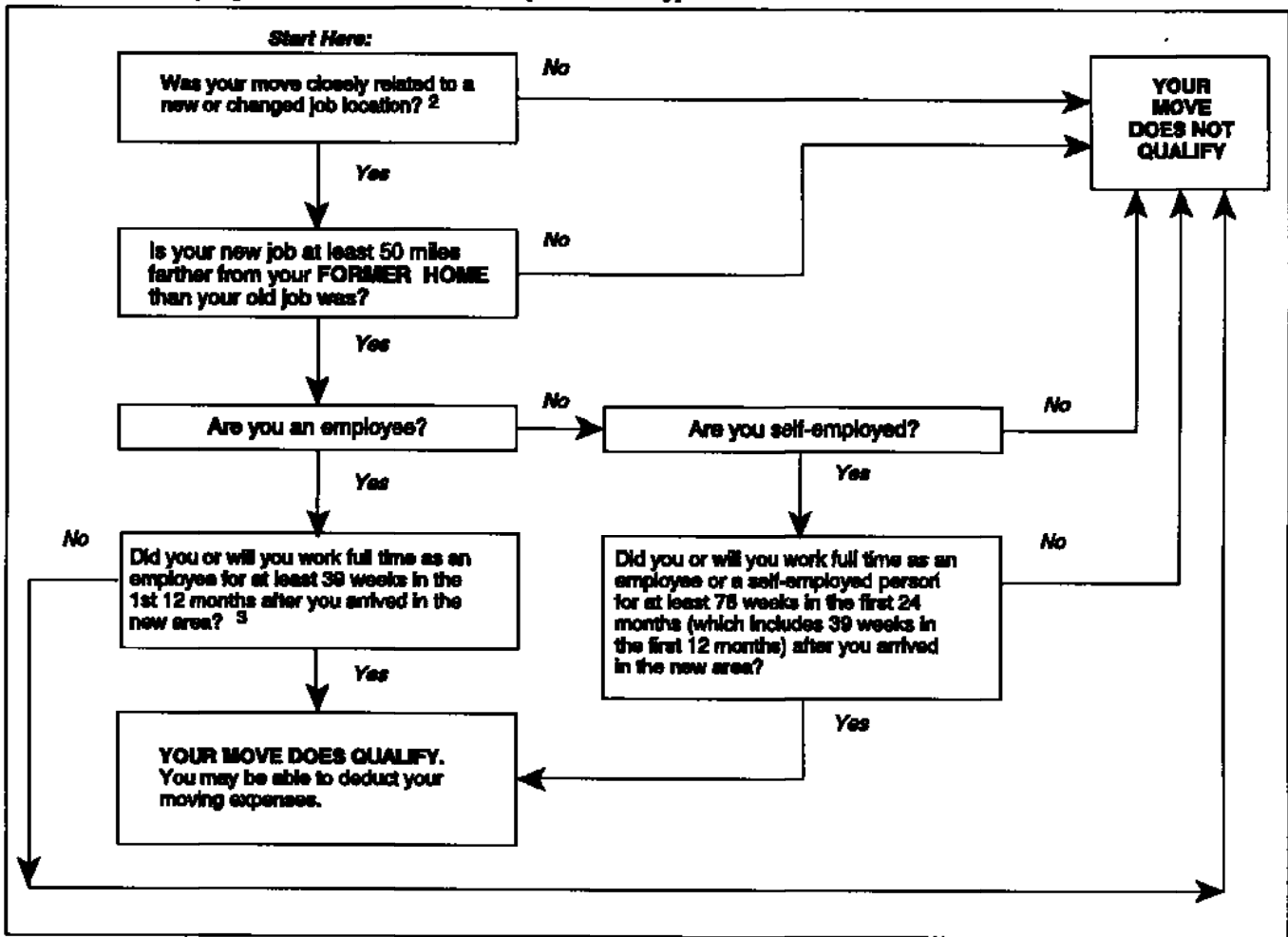
Time test not yet met. You can deduct your moving expenses even if you have not yet met the time test by the date your 1994 return is due. You can do this if you expect to meet the 39-week test in 1995, or the 78-week test in 1996. If you deduct moving expenses but do not meet the time test by then, you must either:

- Report your moving expense deduction as other income on your Form 1040 for the year you cannot meet the test, or
- Amend your 1994 return.

Use Form 1040X, *Amended U.S. Individual Income Tax Return*, to amend your return.

If you do not deduct your moving expenses on your 1994 return, and you later meet the time test, you can file an amended return for 1994 to take the deduction.

Figure 2. Qualifying Move Within the U.S. (Non-Military) ¹



1 Military persons should see "Members of the Armed Forces," later, for special rules that apply to them.
2 Your move must be closely related to the start of work at your new job location. See "Related to Start of Work," in this chapter.
3 If you deduct expenses and do not meet this test later, you must either file an amended tax return or report your moving expense deduction as other income. See "Time test not yet met," in this chapter.

Example. You arrive in the general area of your new job on September 15, 1994. You deduct your moving expenses on your 1994 return, the year of the move, even though you have not yet met the time test by the date your return is due. If you do not meet the 39-week test by September 15, 1995, you must either:

- Report as income on your 1995 return the amount you had deducted as moving expenses on your 1994 return, or
- Amend your 1994 return.

Exceptions to the time test. You do not have to meet the time test if one of the following applies:

- 1) You are in the Armed Forces and you moved because of a permanent change of station—see *Members of the Armed Forces*, later,
- 2) You moved to the United States because you retired—see *Retirees or Survivors Who Move to the U.S.*, later,

- 3) You are the survivor of a person whose main job location at the time of death was outside the United States—see *Retirees or Survivors Who Move to the U.S.*, later,
- 4) Your job at the new location ends because of death or disability, or
- 5) You are transferred for your employer's benefit or laid off for a reason other than willful misconduct. For this exception, you must have obtained full-time employment, and you must have expected to meet the test at the time you started the job.

Members of the Armed Forces

If you are a member of the Armed Forces on active duty and you move because of a permanent change of station, you do not have to meet the **distance and time tests**, discussed earlier. You can deduct your unreimbursed allowable moving expenses.

- A permanent change of station includes:
- A move from your home to the area of your first post of duty when you begin active duty,
 - A move from one permanent post of duty to another, or
 - 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 one year of ending your active duty or within the period allowed under the Joint Travel Regulations.

Spouse and dependents. If a member of the Armed Forces deserts, is imprisoned, or dies, a permanent change of station for the spouse or dependent includes a move to the place of enlistment or to the member's, spouse's, or dependent's home of record or to a nearer point in the United States.

If the military moves you and your spouse and dependents to or from separate locations, the moves are treated as a single move to your new main job location.

Services or reimbursements provided by government. Do not include in income the value of moving and storage services provided by the government in connection with a permanent change of station. If the total reimbursements or allowances you receive from the government in connection with the move are more than your actual moving expenses, include the excess in income. Do not complete Form 3903 or Form 3903-F.

If your reimbursements or allowances are less than your actual moving expenses, do not include the reimbursements or allowances in income. You can deduct the expenses that exceed your reimbursements. See *Deductible Moving Expenses*, later.

How to complete Part I of Form 3903 for members of the Armed Forces. Take the following steps:

- 1) Complete lines 4 through 6, using your actual expenses. **Do not** reduce your expenses by any reimbursements or allowances you received from the government in connection with the move.
- 2) Enter on line 7 the total reimbursements and allowances you received from the government for the expenses in step 1. Do not include the value of moving services provided by the government.
- 3) Complete line 8. If line 6 is more than line 7, subtract line 7 from line 6 and enter the result on line 8 and on Form 1040, line 24. This is your moving expense deduction for expenses incurred in 1994. If line 6 is equal to or less than line 7, enter zero on line 8 (you have no moving expense deduction for expenses incurred in 1994). Subtract line 6 from line 7 and, if the result is more than zero, enter it on Form 1040, line 7.

How to complete Parts II and III of Form 3903 for members of the Armed Forces.

Note. If your reimbursements and allowances are more than your actual moving expenses, include the excess in income on Form 1040, line 7. Do not complete Parts II and III.

Take the following steps:

- 1) Complete lines 4 through 15, using your actual expenses. **Do not** reduce your expenses by any reimbursements or allowances you received from the government in connection with the move.
- 2) Complete lines 16 through 18.
- 3) Complete line 19. Add the amounts on lines 4, 8, and 18. 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 19, Form 3903, and on Schedule A, line 27.

Form 3903-F. To complete Form 3903-F, see the instructions for Form 3903-F.

If you are required to relocate and your spouse and dependents move to or from a different location, treat these moves as a single move. Unless they exceed actual expenses, do not include in income reimbursements, allowances, or the value of moving and storage

services provided by the government to move you, your spouse, and your dependents to and from the separate locations.

Do not deduct any expenses for moving services provided by the government.

Retirees or Survivors Who Move to the U.S.

You may be able to deduct your moving expenses, subject to certain dollar limits, if you move to the U.S. or to a possession of the U.S. You do not have to meet the **time test**, discussed earlier, but you must meet the requirements discussed below.

Retirees. You can deduct moving expenses for a move to a new home in the U.S. when you permanently retire. However, both your former main job location and your former home must have been outside the U.S.

Permanently retired. You are considered permanently retired when you cease gainful full-time employment or self-employment. If at the time you retire, you intend your retirement to be permanent, you will be considered retired even though you later return to work. Your intention to retire permanently will be determined by:

- Your age and health,
- The customary retirement age for people who do similar work,
- Whether you receive retirement payments from a pension or retirement fund, and
- The length of time before you will return to full-time work.

Survivors. You can deduct moving expenses for a move to a home in the U.S. if you are the spouse or the dependent of a person whose main job location at the time of death was outside the U.S. The move must begin within 6 months after the decedent's death. It must be from the decedent's former home outside the U.S. That home must also have been your home.

A move begins when:

- You contract for your household goods and personal effects to be moved to your home in the U.S. However, this applies only if the move is completed within a reasonable time,
- Your household goods and personal effects are packed and on the way to your home in the U.S., or
- You leave your former home to travel to your new home in the U.S.

Deductible Moving Expenses

If you meet the requirements discussed earlier, you can deduct the reasonable expenses of:

Moving your household goods and personal effects (including in-transit or foreign-move storage expenses), and

Traveling (includes lodging) to your new home.

However, you cannot deduct any part of these expenses that is for meals.

Reasonable expenses. You can deduct only those expenses that are reasonable for the circumstances of your move. For example, the cost of traveling from your former home to your new one should be by the shortest, most direct route available by conventional transportation. If, during your trip to your new home, you make side trips for sightseeing, the additional expenses for your side trips are not deductible as moving expenses.

Travel by car. If you use your car to take yourself, members of your household, or your things to your new home, you can figure your expenses by deducting either:

- 1) Your **actual expenses**, such as gas and oil for your car, if you keep an accurate record of each expense, or
- 2) **9 cents a mile.**

You can deduct parking fees and tolls you pay in moving. You cannot deduct any part of general repairs, general maintenance, insurance, or depreciation for your car.

Member of your household. You can deduct moving expenses you pay for yourself and members of your household. A member of your household is anyone who has both your former and new home as his or her home. It does not include a tenant or employee, unless you can claim that person as a dependent.

Location of move. There are different rules for moving within or to the United States than for moving outside the United States. These rules are discussed separately.

Moves Within or to the United States

If you meet the requirements under *Who Can Deduct Moving Expenses*, earlier, you can deduct allowable expenses for a move to the area of a new main job location within the United States or its possessions. Your move may be from one U.S. location to another or from a foreign country to the United States.

Form 3903. Use Part I of Form 3903 to deduct your moving expenses if you moved within or to the United States or one of its possessions. An example of a filled-in Form 3903 is shown later.

Household goods and personal effects. You can deduct the cost of packing, crating, and transporting your household goods and personal effects and those of the members of your household from your former home to your new home. If you use your own car to move your things, see *Travel by car*, earlier. You can include the cost of storing and insuring household goods and personal effects within **any period of 30 consecutive days** after the day

your things are moved from your former home and before they are delivered to your new home.

You can deduct any costs of connecting or disconnecting utilities to move your household goods, appliances, or personal effects.

You can deduct the cost of shipping your car and your household pets to your new home.

You can deduct the cost of moving your household goods and personal effects from a place other than your former home. Your deduction is limited to the amount it would have cost to move them from your former home.

Example. Paul Brown is a resident of North Carolina and has been working there for the last 4 years. Because of the small size of his apartment, he stored some of his furniture in Georgia with his parents. Paul got a job in Washington, DC. It cost him \$300 to move his furniture from North Carolina to Washington and \$1,100 to move his furniture from Georgia to Washington. If Paul shipped his furniture in Georgia from North Carolina (his former home), it would have cost \$600. Therefore, he can deduct \$900 (\$300 + \$600).

You cannot deduct the cost of moving furniture you buy on the way to your new home.

Travel expenses. You can deduct the cost of transportation and lodging for yourself and members of your household while traveling from your former home to your new home. This includes expenses for the day you arrive. You can include any lodging expenses you had in the area of your former home within one day after you could not live in your former home because your furniture had been moved. You can deduct expenses for only one trip to your new home for yourself and members of your household. However, all of you do not have to travel together. If you use your own car, see *Travel by car*, earlier.

Moves Outside the United States

To deduct allowable expenses for a move outside the United States, you must be a U.S. citizen or resident alien who moves to the area of a new place of work outside the United States or its possessions. You must meet the requirements under *Who Can Deduct Moving Expenses*, earlier.

Form 3903-F. Use Part I of Form 3903-F if you moved outside the United States or its possessions. A filled-in Form 3903-F is shown later.

For an explanation of expenses that you can deduct, see the discussion *Moves Within or to the United States*, earlier. The following discussion gives additional information on expenses that you can deduct on Form 3903-F.

Storage expenses. You can deduct the reasonable expenses of moving your personal effects to and from storage. You can also deduct the reasonable expenses of storing your personal effects for all or part of the time the new job location remains your main job location.

The new job location must be outside the United States.

Move in an earlier year. If you moved in an earlier year and are deducting only storage fees while you are gone from the United States, do not use Form 3903-F. Enter the net amount (after the reduction for the part that is allocable to excluded income) on line 24, Form 1040, and write "Storage Fees" to the left of the entry space.

Moving expenses allocable to excluded foreign income. If you live and work outside the United States, you may be able to exclude from income part of the income you earn in the foreign country. This includes the reimbursement you receive from your employer for your move to that foreign country. You may also be able to claim a foreign housing exclusion or deduction. However, if you claim the foreign earned income or foreign housing exclusions, you cannot deduct the part of your allowable moving expenses allocable to the excluded income.

Publication 54, *Tax Guide for U.S. Citizens and Resident Aliens Abroad*, discusses the foreign earned income exclusion, the foreign housing exclusion, and the foreign housing deduction. It also explains how to figure the part of your moving expenses that are considered to have been paid for with excluded income. You can get the publication from most U.S. Embassies and consulates, or by writing to the IRS Forms Distribution Center for your area as shown in your income tax package.

Nondeductible Expenses

You cannot deduct the following items as moving expenses.

- Pre-move househunting expenses,
- Temporary living expenses,
- Meal expenses,
- Expenses of buying or selling a home,
- Expenses of getting or breaking a lease,
- Security deposits (including any given up due to the move),
- Home improvements to help sell your home,
- Loss on the sale of your home,
- Mortgage penalties,
- Losses from disposing of memberships in clubs,
- Any part of the purchase price of your new home,
- Real estate taxes,
- Car tags,
- Driver's license,
- Refitting carpets and draperies, and
- Storage charges except those incurred in-transit and for foreign moves.

Temporary employment. You cannot take a moving expense deduction and a business expense deduction for the same expenses. You

must determine if your expenses are deductible as moving expenses or as business expenses. For example, expenses you have for travel, meals, and lodging while temporarily working at a place away from your regular place of work are deductible as business expenses if you are considered away from home on business. Generally, your work is considered temporary if it does not last more than one year at a single location. See Publication 463, *Travel, Entertainment, and Gift Expenses*, for information on deducting your expenses.

Tax Withholding and Estimated Tax

Your employer must withhold income tax, social security tax, and Medicare tax from reimbursements and allowances paid to you that are included in your income (see *Reimbursements included in income*, later).

Reimbursements excluded from income. Your employer should not include in your wages reimbursements (under an accountable plan, explained later) for moving expenses that you:

- 1) Could deduct if you had paid or incurred them, and
- 2) Did not deduct in an earlier year.

These reimbursements are fringe benefits excludable from your income as qualified moving expense reimbursements. Your employer should report these reimbursements in box 13 of Form W-2.

Note. You **cannot** claim a moving expense deduction for these reimbursed expenses (see *Reimbursements under How to Report*, later in this chapter).

Reimbursements included in income. You must include in your gross income as wages any reimbursements of, or payments for, nondeductible moving expenses. This includes amounts your employer reimbursed you under an accountable plan (explained later) for meals, househunting trips, and real estate expenses. It also includes reimbursement amounts that exceed your deductible expenses and that you do not return to your employer. Also, you must include in income any reimbursements made (or treated as made) under a nonaccountable plan, even if they are for deductible moving expenses. See *Reimbursements under How to Report*, later in this chapter.

Reimbursement for deductible and nondeductible expenses. If your employer reimburses you for both deductible and nondeductible moving expenses, your employer must determine the amount of the reimbursement that is not taxable and therefore, not subject to

withholding. Your employer must treat any remaining amount as taxable wages, and withhold income tax, social security tax, and Medicare tax.

Amount of income tax withheld. If the reimbursements or allowances you receive are taxable, the amount of income tax your employer will withhold depends on several factors. It depends in part on whether or not income tax is withheld from your regular wages, on whether or not the reimbursements and allowances are combined with your regular wages, and on any information you have given to your employer on Form W-4, *Employee's Withholding Allowance Certificate*.

Limit on social security tax (but not on Medicare tax) to be withheld. Your employer must withhold social security tax and Medicare tax from reimbursements and allowances paid to you that are included in your income as wages (see *Reimbursements included in income*, earlier). In 1994, your employer must withhold these taxes until the reimbursements or allowances plus your regular wages reach a combined maximum of \$60,600 for social security tax and an unlimited amount for Medicare tax.

Estimated tax. If you must make estimated tax payments, you need to take into account any taxable reimbursements (and any deductible moving expenses they relate to) in figuring your estimated tax. For details about estimated tax, see Publication 505.

How to Report

The following discussions explain how to report your moving expenses and any reimbursements or allowances you received for your move.

Form 3903. Use Part I of Form 3903 to report your moving expenses if your move was within or to the United States or its possessions.

Form 3903-F. Use Part I of Form 3903-F to report your moving expenses if your move was outside the United States or its possessions.

Where to deduct. Deduct your moving expenses on line 24 of Form 1040. The amount of moving expenses you can deduct is shown on Part I, line 8, Form 3903, or Part I, line 7, Form 3903-F.

You cannot deduct moving expenses if you file Form 1040EZ or Form 1040A.

Reimbursements

This section explains what to do when you receive a reimbursement (includes advances and allowances) for any of your moving expenses discussed in this publication.

If you received a reimbursement for your allowable moving expenses, how you report this amount and your expenses depends on whether the reimbursement was paid to you

under an accountable plan or a nonaccountable plan. For a quick overview of how to report the reimbursement, see *Table 1*.

Your employer should tell you what method of reimbursement is used and what records your employer requires.

Employers. If you are an employer and you reimburse employee moving expenses, how you treat this reimbursement on your employee's Form W-2 depends in part on whether you have an accountable plan. Reimbursements treated as paid under an accountable plan, as explained next in this chapter, are not reported as compensation. Also see *Form W-2*, later in this chapter and *Reimbursements excluded from income* under *Tax Withholding and Estimated Tax*, earlier.

Reimbursements treated as paid under nonaccountable plans, as explained later, are reported as compensation. See Publication 15, *Circular E, Employer's Tax Guide*, for information on employee compensation.

Accountable plans. To be an accountable plan, your employer's reimbursement arrangement must require you to meet all three of the following rules:

- 1) Your expenses must have a business connection — that is, you must have paid or incurred deductible expenses as an employee of your employer,
- 2) You must adequately account to your employer for these expenses within a reasonable period of time, and
- 3) You must return any excess reimbursement or allowance within a reasonable period of time.

An **excess reimbursement** includes any amount you are paid or allowed that is more than the moving expenses that you adequately accounted for to your employer. See *Returning excess reimbursements* later in this chapter for information on how to handle these excess amounts.

Employee meets accountable plan rules. If for all reimbursements you meet the

Table 1. Reporting Employee Moving Expenses and Reimbursements

Type of Reimbursement Arrangement	Employer Reports on Form W-2	Employee Shows on Form 3903 or 3903-F
Accountable		
Actual allowable expense reimbursement Adequate accounting and excess returned	Not reported	All allowable expenses (and reimbursements reported on Form W-2, box 13)
Actual allowable expense reimbursement Adequate accounting and return of excess both required but excess not returned.	Excess reported as wages in box 1. ¹ Amount adequately accounted for is reported only in box 13—it is <i>not</i> reported in box 1.	All allowable expenses (and reimbursement is reported on Form W-2, box 13)
Actual lodging expense or mileage allowance Adequate accounting and excess returned	Not reported	All allowable expenses (and reimbursements reported on Form W-2, box 13)
Actual lodging expense or mileage allowance Adequate accounting up to the federal rate only and excess not returned	Excess reported as wages in box 1. ¹ Amount up to the federal rate is reported only in box 13—it is <i>not</i> reported in box 1.	All allowable expenses (and reimbursements reported on Form W-2, box 13)
Nonaccountable		
Either adequate accounting or return of excess, or both not required by plan	Entire amount is reported as wages in box 1. ¹	All allowable expenses ²
No reimbursement	Normal reporting of wages, etc.	All allowable expenses ²

¹ Excess is also reported in boxes 3 and 5, if applicable.

² Any allowable moving expense is carried to line 24 of Form 1040 and deducted as an adjustment to gross income.

three rules for an accountable plan, your employer should not include any reimbursements of allowable expenses in your income in boxes 1, 3, and 5 of your Form W-2. Instead, your employer should include the reimbursements in box 13 of your Form W-2.

Employee does not meet accountable plan rules. You may be reimbursed by your employer, but for part of your expenses you may not meet all three rules.

If you did not adequately account to your employer for all of your deductible expenses within a reasonable period of time, then only the amount for which you did adequately account is considered as paid under an accountable plan.

If your deductible expenses are reimbursed under an otherwise accountable plan but you do not return, within a reasonable period of time, any reimbursement of expenses for which you did not adequately account, then only the amount for which you did adequately account is considered as paid under an accountable plan. The remaining expenses are treated as having been reimbursed under a nonaccountable plan (discussed later in this chapter).

Reasonable period of time. The definition of "reasonable period of time" depends on the facts of your situation. The IRS will consider it reasonable for you to:

- 1) Receive an advance within 30 days of the time you have an expense,
- 2) Adequately account for your expenses within 60 days after they were paid or incurred, and
- 3) Return any excess reimbursement within 120 days after the expense was paid or incurred.

If you are given a periodic statement (at least quarterly) that asks you to either return or adequately account for outstanding advances and you comply within 120 days of the statement, the IRS will consider the amount adequately accounted for or returned within a reasonable period of time.

Reimbursement of nondeductible expenses. You may be reimbursed by your employer for moving expenses, some of which are deductible expenses and some of which are not deductible. The reimbursements received for the nondeductible expenses are treated as paid under a nonaccountable plan.

Returning excess reimbursements. Under an accountable plan, you must be required to return any excess reimbursement for your moving expenses to the person paying the reimbursement. **Excess reimbursement** includes any amount for which you did not adequately account within a reasonable period of time. For example, if you received an advance and you did not spend all the money on deductible moving expenses, or you do not have proof of all your expenses, you have an excess reimbursement.

Nonaccountable plans. A **nonaccountable plan** is a reimbursement arrangement that does not meet the three rules listed earlier under *Accountable plans*.

In addition, the following payments will be treated as being paid under a nonaccountable plan:

- 1) Excess reimbursements you fail to return to your employer,
- 2) Amounts paid for which you did not adequately account to your employer in a reasonable time, and
- 3) Reimbursements of nondeductible expenses. See *Reimbursement of nondeductible expenses*, earlier.

An arrangement that repays you for moving expenses by reducing your wages, salary, or other compensation will be treated as a nonaccountable plan. This is because you are entitled to receive the full amount of your compensation regardless of whether you incurred any moving expenses.

If you are not sure if the reimbursement arrangement is an accountable or nonaccountable plan, see your employer.

Your employer will combine the amount of any reimbursement paid to you under a nonaccountable plan with your wages, salary, or other compensation. Your employer will report the total in box 1 (and boxes 3 and 5 if applicable) of your Form W-2.

Part of reimbursement paid under accountable plan. If your deductible expenses are reimbursed under an otherwise accountable plan but you do not return, within a reasonable period of time, any reimbursement for which you do not adequately account, only the amount for which you do not adequately account is considered as paid under a nonaccountable plan. The remainder is treated as having been paid under an accountable plan (as discussed earlier in this chapter).

Completing Form 3903. In Part I of Form 3903, complete lines 1 — 3 to see whether you meet the distance test. If so, complete lines 4 — 6 using your actual expenses (except, if you use your own car, you can figure expenses based on a mileage rate of 9 cents a mile, instead of on actual amounts for gas and oil). Enter on line 7 the total amount of your moving expense reimbursement that was excluded from your wages. This excluded amount should be identified with code **P** in box 13 of Form W-2.

If line 6 is more than line 7, subtract line 7 from line 6 and enter the result on line 8 and on Form 1040, line 24. This is your moving expense deduction for expenses incurred in 1994. If line 6 is equal to or less than line 7, enter zero on line 8 (you have no moving expense deduction for expenses incurred in 1994). Subtract line 6 from line 7 and, if the result is more than zero, include it on Form 1040, line 7.

Form 3903-F. To complete Form 3903-F, see the instructions for that form.

Form 4782. Your employer must give you an itemized list of reimbursements, payments, or allowances that have been paid to you for moving expenses. Form 4782, *Employee*

Moving Expense Information, shown later, may be used for this purpose. This form shows the amount of any reimbursement, payment, or allowance made to you or to a third party for your benefit. It also shows the value of any services provided in kind to you. Your employer must provide a separate form or statement for each move for which you were reimbursed.

Form W-2. Your employer generally includes as compensation in box 1 (and boxes 3 and 5, if applicable) of your Form W-2 reimbursements for your moving expenses. However, any reimbursement that qualifies to be excluded from your income should not be included in boxes 1, 3, and 5. Instead, your employer should include that reimbursement in box 13 of your Form W-2 (see *Employers*, earlier).

Example 1. To get you to work in another city, your new employer reimburses you under an accountable plan for the \$7,500 loss on the sale of your home. Your employer must include the \$7,500 as compensation on your Form W-2 because you cannot deduct the loss.

Example 2. You lived in Boston and accepted a job in Atlanta. You sold your home at a loss and bought a new one in Atlanta. Under an accountable plan, your employer reimbursed you for the loss on the sale of your former home, your actual traveling expenses from Boston to Atlanta, and the cost of moving your furniture to Atlanta. Your employer included the reimbursement for the loss on the sale of your home as income on your Form W-2. You must include this amount as income on line 7, Form 1040.

Your employer included the reimbursement for the cost of travel and moving your furniture in box 13 of your Form W-2. You must enter this amount on line 7, Form 3903.

Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

Do not include in income any moving expense payment you received under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. These payments are made to persons displaced from their homes, businesses, or farms by federal projects.

When to include reimbursements. If reimbursements for your moving expenses are taxable (see *Reimbursements included in income under Tax Withholding and Estimated Tax*, earlier), they are included in your income in the year received.

Example. You moved in December 1994 and had deductible moving expenses that you can deduct on your 1994 income tax return. Your employer reimbursed you for the moving expenses under a nonaccountable plan in January 1995. Include the reimbursement in your income for 1995.

You can also choose to deduct allowable moving expenses in the year you are reimbursed by your employer. See *When to Deduct Expenses*, next.

When to Deduct Expenses

If you were not reimbursed, deduct your allowable moving expenses in the year you had them or paid them.

Example. In December 1994, your employer transferred you to another city in the United States, where you still work. You are single and were not reimbursed for your moving expenses. In 1994 you paid for moving your furniture. You deducted these expenses in 1994. In January 1995, you paid for travel to the new city. You can deduct these additional expenses in 1995.

Note. You cannot deduct any moving expenses for which you received a reimbursement that was excluded from your income.

(Reimbursements excluded from, or included in, income are discussed under *Tax Withholding and Estimated Tax*, earlier.)

Reimbursed expenses—reimbursement included in income. If you incurred allowable moving expenses for which you received a reimbursement that was included in your income, you may be able to deduct the expenses in the year you are reimbursed even though you paid the expenses in a different year.

Choosing when to deduct. If you use the cash method of accounting, which is used by most individuals, you can choose to deduct moving expenses in the year your employer reimburses you if:

You paid the expenses in a year before the year of reimbursement, or

You paid the expenses in the year immediately after the year of reimbursement but by the due date, including extensions, for filing your return for the reimbursement year.

How to make the choice. You can choose to deduct moving expenses in the year you received reimbursement by taking the deduction on your return, or amended return, for that year.

2.

Moving Expenses Incurred Before 1994

This chapter discusses the rules that apply to moving expenses incurred before 1994. This includes:

- Who can deduct moving expenses,
- Deductible expenses,
- Nondeductible expenses,
- Tax withholding and estimated tax, and
- How to report.

Note. Certain deductible expenses incurred before 1994 are subject to dollar limits. See *Table 2, Moving Expense Dollar Limits, and Dollar Limits*, later.

If you incurred moving expenses beginning in 1994, see Chapter 1.

Who Can Deduct Moving Expenses

The rules to determine who can deduct moving expenses discussed in this chapter are generally the same as the rules discussed under *Who Can Deduct Moving Expenses* in Chapter 1. You can generally follow those Chapter 1 rules to determine whether you can claim any of the deductible moving expenses discussed in this chapter. To meet the distance test, however, your new main job location must be **at least 35 miles** (not 50 miles) farther from your home than your old main job location.

Deductible Moving Expenses

If you meet the requirements discussed under *Who Can Deduct Moving Expenses*, you can deduct the reasonable expenses of:

- Moving your household goods and personal effects (including in-transit or foreign-move storage expenses),
- Traveling to your new home,
- Househunting trips before you move,
- Living temporarily in the new area,
- Selling your former home and buying a new one, and
- Settling an old lease and signing a new lease,

that you incurred before 1994.

Reasonable expenses. You can deduct only those expenses that are reasonable for the circumstances of your move. For example, the cost of traveling from your former home to your new one should be by the shortest, most direct route available by conventional transportation. If, during your trip to your new home, you make side trips for sightseeing, the additional expenses for your side trips are not deductible as moving expenses.

Travel by car. If you use your car for househunting or to take yourself, members of your household, or your things to your new home, you can figure your expenses by deducting either:

- 1) Your **actual expenses**, such as gas and oil for your car, if you keep an accurate record of each expense, or
- 2) **9 cents a mile.**

You can deduct parking fees and tolls you paid in moving. You cannot deduct any part of general repairs, general maintenance, insurance, or depreciation for your car.

Member of your household. You can deduct moving expenses you pay for yourself and members of your household. A member of your household is anyone who has both your former and new home as his or her home. It does not include a tenant or employee, unless you can claim that person as a dependent.

Location of move. There are different rules for moving within or to the United States than for moving outside the United States. These rules are discussed separately.

Moves Within or to the United States

You can deduct expenses for a move to the area of a new main job location within the United States or its possessions. Your move may be from one U.S. location to another or from a foreign country to the United States.

Form 3903. Use Part II of Form 3903 to deduct your moving expenses incurred before 1994 if you moved within or to the United States or one of its possessions.

Household goods and personal effects. You can deduct the cost of packing, crating, and transporting your household goods and personal effects and those of the members of your household from your former home to your new home. If you use your own car to move your things, see *Travel by car*, earlier. You can include the cost of storing and insuring household goods and personal effects within **any period of 30 consecutive days** after the day your things are moved from your former home and before they are delivered to your new home.

You can deduct any costs of connecting or disconnecting utilities to move your household goods, appliances, or personal effects.

You can deduct the cost of shipping your car and your household pets to your new home.

You can deduct the cost of moving your household goods and personal effects from a place other than your former home. Your deduction is limited to the amount it would have cost to move them from your former home.

Example. Paul Brown is a resident of North Carolina and has been working there for the last 4 years. Because of the small size of his apartment, he stored some of his furniture in Georgia with his parents. Paul got a job in Washington, DC. It cost him \$300 to move his furniture from North Carolina to Washington and \$1,100 to move his furniture from Georgia to Washington. If Paul shipped his furniture in Georgia from North Carolina (his former home), it would have cost \$600. Therefore, he can deduct \$900 (\$300 + \$600).

You cannot deduct the cost of moving furniture you buy on the way to your new home.

Travel expenses. You can deduct the cost of transportation, meals (see *Meal expenses*, later), and lodging for yourself and members of your household while traveling from your former home to your new home. This includes expenses for the day you arrive. You can include any meal and lodging expenses you had in the area of your former home within one day after you could not live in your former home because your furniture had been moved. You can deduct expenses for only one trip to your new home for yourself and members of your household. However, all of you do not have to travel together. If you use your own car, see *Travel by car*, earlier.

Pre-move househunting expenses. You must have a job in the new area before you can deduct the cost of trips that you take primarily to look for a new place to live. You can deduct househunting expenses. These include the cost of transportation, meals (see *Meal expenses*, later), and lodging for yourself and members of your household while traveling to and from the area of your new job and while you are there. Your househunting does not have to be successful to qualify for this deduction. You and members of your household can travel separately. There is no limit to the number of trips you or members of your household can take. However, see *Dollar Limits*, later. If you use your own car, see *Travel by car*, earlier.

If you are **self-employed**, see *Self-employed* under *Temporary living expenses*, next.

Temporary living expenses. Temporary living expenses include only the costs of meals (see *Meal expenses*, later) and lodging while occupying temporary quarters in the area of your new job. You can deduct these costs, subject to the *Dollar Limits*, discussed later, for **any period of 30 consecutive days** after you get the job, but before you move into permanent quarters.

Self-employed. If you are self-employed, do not deduct your expenses for pre-move

househunting trips or temporary living expenses unless you have made substantial arrangements to begin work at the new location.

Factors to consider in determining whether you have made substantial arrangements to begin work at the new location depend on the nature of your work or business. These include whether you have:

- Leased or bought a plant, shop, store, equipment, or other property to be used in your trade or business,
- Made arrangements to buy inventory or supplies,
- Hired employees, and
- Made arrangements to contact customers and to advertise.

Example. You are a partner in a chain of drugstores in Houston, Texas. You decide to move from Houston to Dallas to open a drugstore there. You make several trips to Dallas to look at sites for the new store. After signing the lease on a building in a shopping center, you buy equipment and hire employees. Shortly before opening the store, you and your spouse take temporary housing in a motel until your apartment is available. By the time you and your spouse take temporary housing in the motel, you are considered to have made substantial arrangements to begin work at your new main job location. You can deduct the cost of this lodging as a temporary living expense.

Meal expenses. You can deduct only **80% of the cost of meals** you incur during your househunting trip, while traveling to your new residence, and while staying in temporary quarters. Meals include food and beverages. The 80% limit applies to your meal expenses whether or not your employer reimburses you. This limit is applied before all other moving expense limits.

If you are self-employed, you are also subject to the 80% limit on meals.

Lavish or extravagant meals. You cannot deduct the cost of meals (for you and your family) that you incur during your move that are lavish or extravagant under the circumstances.

Home sale expenses. When you sell your former home, the following qualify as moving expenses:

- Real estate commissions,
- Attorneys' fees,
- Title fees,
- Escrow fees,
- "Points" or loan placement charges you are required to pay,
- State transfer taxes, and
- Similar expenses connected with the sale or exchange of your former home.

You can deduct these sale-related expenses as moving expenses **or** you can use them to reduce the amount you realized from the sale of your former home.

You cannot deduct as a moving expense the cost of physical improvements intended to improve the condition or appearance of your former home.

Home purchase expenses. When you buy your new home, the following qualify as moving expenses:

- Attorneys' fees,
- Escrow fees,
- Appraisal fees,
- Title fees,
- "Points" or loan placement charges **not** representing payment or prepayment of interest, and
- Similar expenses connected with the purchase of your new home.

You can deduct these purchase-related expenses as moving expenses **or** you can add them to the basis of your new home. By adding them to the basis of your new home, you will reduce the amount of gain you realize when you sell it. However, "points" or loan placement charges not representing interest charges cannot be added to the basis of your new home. To determine if points are deductible as interest, get Publication 936, *Home Mortgage Interest Deduction*.

Expenses of buying or selling a home. If you are a homeowner, it is usually better to deduct as moving expenses the expenses of selling your former home and buying your new home. These expenses are subject to the *Dollar Limits* discussed later. You can use the sale-related expenses that you do not claim as moving expenses to reduce the amount you realized on the sale of your former home. You may use the purchase-related expenses (except "points" as noted above) that you do not claim as moving expenses to increase the basis of your new home.

No double benefit. If your moving expense deduction includes the expenses of selling your former home, you cannot use the same expenses to reduce the amount realized on the sale of your former home.

If your moving expense deduction includes the expenses of buying your new home, you cannot add the same expenses to the basis of your new home.

Unexpired lease expenses. When you end an unexpired lease (break a lease) on your former home, you can deduct, subject to the dollar limits, the following expenses:

- Payments to the lessor for releasing you from the lease,
- Attorneys' fees,
- Real estate commissions, and
- Expenses such as the difference between the rent you pay and the rent you receive from an assignee or sublessee.

Expenses of leasing a new home. When you lease a new home, you can deduct, subject to the dollar limits, the following expenses:

Fees, and
Commissions.

These expenses can be for leasing, subleasing, or taking an assignment of a lease. You cannot deduct payments or prepayments of rent. See *Security deposit* under *Non deductible Expenses*, later.

Dollar Limits

The expenses of moving household goods and traveling to your new home are not limited to any amount. However, the combined totals of all your other moving expenses cannot be more than \$3,000. Other moving expenses are:

- Househunting and temporary living expenses,
- Expenses of selling your former home,
- Expenses of buying your new home, and
- Lease expenses.

Despite the overall \$3,000 limit, you can deduct no more than \$1,500 of it for househunting and temporary living expenses combined. Exceptions are explained later under *Married persons filing separate returns* and *Married persons filing a joint return*. See *Table 2. Moving Expense Dollar Limits*.

Homeowners. You can choose to deduct any combination of moving expenses that are subject to the dollar limits.

You should claim up to \$1,500 of househunting and temporary living expenses before you claim the expenses of selling and buying your home. If you have any househunting and temporary living expenses that you do not deduct as moving expenses, you cannot deduct them any other way. On the other hand, if you have any expenses for selling your home that you cannot deduct because of the \$3,000 limit, you can use them to reduce the amount realized on the sale of your former home. Also, if you have any expenses for buying your home that you cannot deduct because of the limit (except "points" as noted earlier), you can use them to increase the basis of your new home.

Married persons filing separate returns. If both of you began work at new job locations and lived together, the overall dollar limit is \$1,500 for each of you. Of that limit, each of you can deduct no more than \$750 for househunting and temporary living expenses.

If only one of you began work at a new job location, the overall limit for that person is \$3,000. Of that limit, the person can deduct no more than \$1,500 for househunting and temporary living expenses.

If both of you began work at new job locations, but you have not shared the same new home by the end of the tax year or made plans to do so, the overall limit for each of you is \$3,000. Of that limit, each of you can deduct no more than \$1,500 for househunting and temporary living expenses.

Example. Tim and Mary Brown are married, but separated. Tim moved from New York

to Michigan. His moving expenses were \$3,600 for househunting trips, temporary living expenses, and selling his home. Mary moved from New York to Washington, DC. Her moving expenses were \$3,200 for househunting trips, temporary living expenses, and selling her home. Neither had more than \$1,500 in expenses for househunting trips and temporary living expenses. Each can claim \$3,000 on a separate return.

Married persons filing a joint return. If both of you began work at new job locations, but at the end of the tax year have not shared the same new home or made plans to do so, your combined overall limit is \$6,000 (\$3,000 for each of you). Of that limit, you can deduct no more than \$3,000 (\$1,500 for each of you) for your combined househunting and temporary living expenses.

If you shared the same new home, your combined overall limit is \$3,000 of which no more than \$1,500 can be deducted for househunting and temporary living expenses.

Moves Outside the United States

To deduct expenses for a move outside the United States, you must be a U.S. citizen or resident alien who moves to the area of a new place of work outside the United States or its possessions. You must meet the requirements discussed earlier.

Form 3903–F. Use Part II of Form 3903–F if you moved outside the United States or its possessions.

For an explanation of expenses that you can deduct, see the discussion *Moves Within or to the United States*, earlier in this chapter. The following discussion gives additional information on expenses that you can deduct on Form 3903–F.

Storage expenses. You can deduct the reasonable expenses of moving your personal effects to and from storage. You can also deduct the reasonable expenses of storing your personal effects for all or part of the time the new job location remains your main job location. The new job location must be outside the United States.

Move in an earlier year. If you moved in an earlier year and are deducting only storage fees while you are gone from the United States, do not use Form 3903–F. Enter the net amount (after the reduction for the part that is allocable to excluded income) on line 27, Schedule A (Form 1040), and write “Storage Fees” to the left of the entry space.

Note. To deduct only storage fees incurred after 1993, see Chapter 1.

Temporary living expenses. You can deduct temporary living expenses for any period of 90 consecutive days (after you get the job) in the area of your new job location instead of any period of 30 consecutive days.

Dollar Limits

The expenses of moving household goods and traveling to your new home are not limited to any amount. However, the combined totals of all your other moving expenses cannot be more than \$6,000 per move. (For a list of other moving expenses, see *Dollar Limits* under *Moves Within or to the United States*, earlier.) Despite the overall \$6,000 limit, you can deduct no more than \$4,500 for househunting and temporary living expenses. Exceptions are explained later under *Married persons filing separate returns* and *Married persons filing a joint return*. See *Table 2. Moving Expense Dollar Limits*.

Homeowners. You can choose to deduct any combination of moving expenses that are subject to the dollar limits.

You should claim up to \$4,500 of househunting and temporary living expenses before you claim the expenses of selling and buying your home. If you have any househunting and temporary living expenses that you do not deduct as moving expenses, you cannot deduct them any other way. On the other hand, if you have any expenses for selling your home that you cannot deduct because of the \$6,000 limit, you can use them to reduce the amount realized on the sale of your former home. Also, if you have any expenses for buying your home that you cannot deduct because of the limit (except “points” as discussed earlier), you can use them to increase the basis of your new home.

Married persons filing separate returns. If both of you began work at new job locations outside the United States and lived together, the overall limit is \$3,000 for each of you. Of that limit, each of you can deduct no more than \$2,250 for househunting and temporary living expenses.

If both of you began work at new job locations outside the United States, but you have not shared the same new home as of the end of the tax year or made plans to do so, the overall limit for each of you is \$6,000. Of that limit, each of you can deduct no more than \$4,500 for househunting and temporary living expenses.

If only one of you began work at a new job location outside the United States, the overall limit for that person is \$6,000. Of that limit, the person can deduct no more than \$4,500 for househunting and temporary living expenses.

If one of you began work at a new job location outside the United States and the other at a new job location within the United States, the one who works in the United States is subject to the \$3,000 and \$1,500 limits and should use Form 3903.

Married persons filing a joint return. If both of you began work at new job locations outside the United States, but you have not shared the same new home as of the end of the tax year or made plans to do so, your combined overall limit is \$12,000 (\$6,000 for each of you). Of that limit you can deduct no more than \$9,000 (\$4,500 for each of you) for househunting and temporary living expenses.

If you shared the same new home, your combined overall limit is \$6,000. Of the \$6,000 limit, you can deduct no more than \$4,500 for househunting or temporary living expenses.

If one of you began work at a new job location outside the United States and the other at a new job location within the United States, the one who works in the United States is subject to the \$3,000 and \$1,500 limits. You should file both a Form 3903 and a Form 3903–F with your return. Your combined total is limited to \$9,000 (\$3,000 on Form 3903 and \$6,000 on Form 3903–F). The total for househunting and temporary living expenses is limited to \$6,000 (\$1,500 on Form 3903 and \$4,500 on Form 3903–F).

Moving expenses allocable to excluded foreign income. If you live and work outside the United States, you may be able to exclude from income part of the income you earn in the foreign country. This includes the reimbursement you receive from your employer for your move to that foreign country. You may also be able to claim a foreign housing exclusion or deduction. However, if you claim the foreign earned income or foreign housing exclusions, you cannot deduct the part of your moving expenses allocable to the excluded income.

Publication 54, *Tax Guide for U.S. Citizens and Resident Aliens Abroad*, discusses the foreign earned income exclusion, the foreign housing exclusion, and the foreign housing deduction. It also explains how to figure the part of your moving expenses that are considered to have been paid for with excluded income. You can get the publication from most U.S. Embassies and consulates, or by writing to the IRS Forms Distribution Center for your area as shown in your income tax package.

Nondeductible Expenses

You cannot deduct the following items as moving expenses.

- Home improvements to help sell your home
- Loss on the sale of your home
- Mortgage penalties
- Losses from disposing of memberships in clubs
- Any part of the purchase price of your new home
- Real estate taxes
- Car tags
- Driver's license
- Refitting carpets and draperies
- Storage charges except those incurred in-transit and for foreign moves

Security deposit. Do not deduct a security deposit you paid when you signed a new lease. Do not deduct a security deposit that you gave up because the vacated space

Table 2. **Moving Expense Dollar Limits (For expenses incurred before 1994)**

Type of Expense	Marital Status	Dollar Limits	
		Form 3903	Form 3903-F
Household goods and personal effects (line 4, Part II, Form 3903 or line 3, Part II, Form 3903-F)	Not applicable	No limit	No limit
Travel expenses (lines 5-8, Part II, Form 3903 or lines 4-7, Part II, Form 3903-F)*	Not applicable	No limit	No limit
Househunting and temporary living expenses (lines 9-13, Part II, Form 3903 or lines 8-12, Part II, Form 3903-F)*	Single	\$1,500	\$4,500
	Married filing jointly—		
	1) Spouses shared same new home by end of tax year	\$1,500	\$4,500
	2) Both spouses began work at new job locations but lived apart	\$3,000 (limited to \$1,500 each)	\$9,000 (limited to \$4,500 each)
Married filing separately—			
	1) Both spouses began work at new job locations and lived together	\$750 each	\$2,250 each
	2) One working spouse	\$1,500	\$4,500
	3) Both spouses began work at new job locations but lived apart	\$1,500 each	\$4,500 each
Househunting and temporary living expenses; and expense of selling and buying a home, or settling or getting a lease (lines 13, 14, and 15, Part II, Form 3903 or lines 12, 13, and 14, Part II, Form 3903-F)*	Single	\$3,000	\$6,000
	Married filing jointly—		
	1) Spouses shared same new home by end of tax year	\$3,000	\$6,000
	2) Both spouses began work at new job locations but lived apart	\$6,000 (limited to \$3,000 each)	\$12,000 (limited to \$6,000 each)
Married filing separately—			
	1) Both spouses began work at new job locations and lived together	\$1,500 each	\$3,000 each
	2) One working spouse	\$3,000	\$6,000
	3) Both spouses began work at new job locations but lived apart	\$3,000 each	\$6,000 each

* Meals are subject to an 80% limit.

needed cleaning or redecorating when you ended the lease. However, you can deduct a security deposit that you gave up if you broke the lease as a result of the move.

Temporary employment. You cannot take a moving expense deduction and a business expense deduction for the same expenses. You must determine if your expenses are deductible as moving expenses or as business expenses. For example, expenses you have for travel, meals, and lodging while temporarily working at a place away from your regular

place of work are deductible as business expenses if you are considered away from home on business. Your work is considered temporary if it does not last more than one year. See Publication 463, *Travel, Entertainment, and Gift Expenses*, for information on deducting your expenses.

Tax Withholding and Estimated Tax

You must include in your gross income any reimbursements of, or payments for, moving expenses. Your employer is not required to withhold income tax, social security tax, or Medicare tax on allowances or reimbursements for moving expenses if your employer reasonably believes that you will be able to deduct the expenses. This means that at the time your employer pays you the reimbursement or

allowance, your employer reasonably believes that you will meet the distance and time tests, and that your expenses will be deductible, including meal expenses determined without regard to the 80% limit.

Amounts subject to withholding. Your employer must withhold income tax, social security tax, and Medicare tax from reimbursements and allowances paid to you for nondeductible moving expenses (other than the 20% nondeductible meal expenses). This includes situations where you have not met the distance test or probably will not meet the time test.

Reimbursement for deductible and nondeductible expenses. If your employer reimburses you for both deductible and nondeductible moving expenses, your employer must apply the reimbursement or allowance first to the deductible moving expenses that are not subject to withholding. Your employer must treat any remaining amount as reimbursement or allowance for nondeductible moving expenses and withhold income tax, social security tax, and Medicare tax.

Amount of income tax withheld. If the reimbursements or allowances you receive are subject to withholding, the amount of income tax your employer will withhold depends on several factors. It depends in part on whether or not income tax is withheld from your regular wages, on whether or not the reimbursements and allowances are combined with your regular wages, and on any information you have given to your employer on Form W-4, *Employee's Withholding Allowance Certificate*.

Limit on social security tax (but not on Medicare tax) to be withheld. Your employer must withhold social security tax and Medicare tax from reimbursements and allowances paid to you for nondeductible moving expenses. This includes situations where you have not met the distance test or probably will not meet the time test. In 1994, your employer must withhold these taxes until the reimbursements or allowances plus your regular wages reach a combined maximum of \$60,600 for social security tax. There is no limit for Medicare tax withholding.

Estimated tax. If you must make estimated tax payments, you can consider deductible moving expenses in figuring your estimated tax. You need not have met the 39-week or 78-week time test at the time of the estimate if you are reasonably sure you will later meet it. However, see *Time test not yet met* in Chapter 1. For details about estimated tax, see Publication 505.

How to Report

The following discussions explain how to report your moving expenses and any reimbursements or allowances you received for your move.

Form 3903. Use Parts II and III of Form 3903 to report your moving expenses if your move was within or to the United States or its possessions.

Form 3903-F. Use Parts II and III of Form 3903-F to report your moving expenses if your move was outside the United States or its possessions.

Where to deduct. Deduct your moving expenses on Schedule A (Form 1040). You must be able to itemize your deductions to claim the moving expense deduction for expenses incurred before 1994. The amount of moving expenses you can include in itemized deductions is shown on Part III, line 19, Form 3903, or Part III, line 20, Form 3903-F. Enter this amount on line 27, Schedule A (Form 1040).

You cannot deduct moving expenses if you file Form 1040EZ or Form 1040A.

Reimbursements. Include all reimbursements of, or payments for, moving expenses in gross income for the year you receive them. If your employer paid for any part of your move, the employer must include the payment in your wages. Report that amount as income on line 7, Form 1040.

Your employer must give you an itemized list of reimbursements, payments, or allowances that have been paid to you for moving expenses. Form 4782, *Employee Moving Expense Information*, shown later, may be used for this purpose. This form shows the amount of any reimbursement, payment, or allowance made either to you or to a third party for your benefit. It also shows the value of any services provided in kind to you. Your employer must provide a separate form or statement for each move for which you were reimbursed.

Your employer must include the amounts shown on Form 4782 in box 1 (and boxes 3 and 5, if applicable) on your Form W-2, *Wage and Tax Statement*. A separate Form W-2 may be provided.

Example 1. To get you to work in another city, your new employer reimburses you for the \$7,500 loss on the sale of your home. You must include the \$7,500 as income on line 7, Form 1040, even though you cannot deduct the loss.

Example 2. You lived in Boston and accepted a job in Atlanta. You sold your home at a loss and bought a new one in Atlanta. Your employer reimbursed you for the loss on the sale of your former home, your actual traveling expenses from Boston to Atlanta, and the cost of moving your furniture to Atlanta. Your employer included these amounts on your Form W-2. You must include the total reimbursement as income on line 7, Form 1040, even though some of the expenses are deductible as moving expenses and others, such as the loss on your home, are not.

Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. Do not include in income any moving expense

payment you received under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. These payments are made to persons displaced from their homes, businesses, or farms by federal projects.

When to include reimbursements. Include reimbursements for your moving expenses in your income in the year received.

Example. You moved in December 1993 and had deductible moving expenses that you deducted on your 1993 income tax return. Your employer reimbursed you for the moving expenses in January 1994. Include the reimbursement in your income for 1994.

You can also choose to deduct moving expenses in the year you are reimbursed by your employer. See *When to deduct*, later.

Moving services provided or paid for by your employer. Include in your income the value of moving services provided by your employer to you or to members of your family. For example, if your employer moves your household goods using the employer's truck, you are considered as having received payment equal to the value of the transportation service. You include this amount in income in the year you receive the service.

If your employer pays someone else, such as a moving company, to move your goods, you must include in your income the amount paid to the moving company in the year your employer pays them for their service.

Your employer must include the value of all moving expense reimbursements, services, and payments in the total income on your Form W-2.

When to deduct. Deduct your moving expenses in the year you paid them. If you use the cash method of accounting, which is used by most individuals who are not self-employed, you can choose to deduct moving expenses in the year your employer reimburses you if:

- 1) You paid the expenses in a year before the year of reimbursement, or
- 2) You paid the expenses in the year immediately after the year of reimbursement but by the due date, including extensions, for filing your return for the reimbursement year.

How to make the choice. You can choose to deduct moving expenses in the year you received reimbursement by taking the deduction on your return, or amended return, for that year.

Example 1. In December 1993, your employer transferred you to another city in the United States, where you still work. You are single and were not reimbursed for your moving expenses. In 1993 you paid for a househunting trip, travel to the new city, temporary living expenses, and moving your furniture. You itemized your deductions and deducted these expenses in 1993. In 1994 you incurred additional temporary living expenses and certain expenses of selling your home and

buying a new one. Because you incurred these expenses in 1994, you cannot deduct them as moving expenses. See Chapter 1.

Some of your moving expenses are subject to the *Dollar Limits*, discussed earlier. You apply the 80% limit on your meal expenses before you apply the \$1,500 moving expense limit on househunting and temporary quarters.

The dollar limits are applied only to the expenses you incurred before 1994; these expenses are not deductible if incurred in 1994.

Example 2. In December 1993, your employer transferred you to another city in the United States. You paid for all of your moving expenses in 1993. Your employer fully reimbursed you in 1994 for your moving expenses. This reimbursement is included on your 1994 Form W-2. If you itemize deductions, you can

deduct your allowable moving expenses in 1993, the year you paid them, **or** you can deduct them in 1994, the year of reimbursement. In either case, your total deduction is the same unless it is subject to the limit on itemized deductions in one or both years.

3.

Examples

This chapter illustrates two examples of moving expenses:

- Moving within the United States, and
- Moving to a foreign country.

These examples include filled-in Forms 3903, 3903-F, and 4782.

Moving Within the United States

Tom Smith is married and has two children. He owned his home in Detroit where he worked. His employer told him on February 8, 1994, that he would be transferred to San Diego as of April 11, 1994. His wife, Peggy, flew to San Diego on March 1 to look for a new home. She put down \$25,000 on a house being built and came back to Detroit on March 4. The Smiths sold their Detroit home for \$1,500 less than they paid for it. They contracted to have their personal effects moved to San Diego on April 4. The family drove to San Diego where they found that their new home was not finished. They stayed in a nearby motel until the house was ready on May 2. On April 11, Tom went to work in the San Diego plant where he still works.

His records for the move show:

1) Peggy's pre-move househunting trip:			
Travel and lodging	\$ 449		
Meals	<u>75</u>	\$	524
2) Down payment on San Diego home			25,000
3) Real estate commission paid on sale of Detroit home			3,500
4) Loss on sale of Detroit home (not including real estate commission)			1,500
5) Amount paid for moving personal effects (furniture, other household goods, etc.)			8,000
6) Expenses of driving to San Diego:			
Mileage (Start 14,278; End 16,478) 2,200 miles at 9 cents a mile	\$ 198		
Lodging	180		
Meals	<u>320</u>		698
7) Cost of temporary living expenses in San Diego:			
Motel rooms	\$1,450		
Meals	<u>2,280</u>		3,730
Total			<u>\$42,952</u>

Tom was reimbursed \$10,577 as follows:

Moving personal effects	\$ 6,800
Travel (and lodging) to San Diego	378
Travel (and lodging) for househunting trip	449
Lodging for temporary quarters	1,450
Loss on sale of home	<u>1,500</u>
Total reimbursement	<u>\$10,577</u>

Tom's employer gave him Form 4782 to show him a breakdown of the amount of reimbursement. This form is shown later.

The employer included this reimbursement on Tom's Form W-2 for 1994. The reimbursement of deductible expenses, \$7,178 for moving household goods and travel to San Diego, was included in box 13 of Form W-2. His employer identified this amount with code P.

The employer included the balance, \$3,399 reimbursement of nondeductible expenses, in boxes 1, 3, and 5 of Form W-2 with Tom's other wages. He must include this amount on line 7 of Form 1040. The employer withholds taxes from the \$3,399, as discussed under *Nondeductible expenses*, later. Also, Tom's employer could have given him a separate Form W-2 for his moving reimbursement.

Tom figures his deduction for moving expenses as follows:

Item 5, moving personal effects	\$ 8,000
Item 6, driving to San Diego (\$198 + \$180)	<u>378</u>
Total deductible moving expenses	\$ 8,378
Minus: Reimbursement included in box 13 of Form W-2	<u>7,178</u>
Deduction for moving expenses incurred in 1994	<u>\$ 1,200</u>

Tom enters these amounts on Form 3903 to figure his deduction. His Form 3903 is shown later. He also enters his deduction, \$1,200, on line 24, Form 1040.

Deductible expenses. The following items from the first list of expenses in this example (total: \$42,952) can be deducted as moving expenses.

- Item 5, the cost of moving personal effects.
- Item 6, the \$180 lodging and the \$198 part of the expense of driving to San Diego (but not the meals). However, the \$198 expense of driving is not Tom's actual expense. Since he did not keep records of his actual expenses for gas and oil, Tom deducted the 9 cents a mile that is allowed. He recorded the mileage shown on his car at the beginning and end of the trip to prove the actual mileage to San Diego.

Nondeductible expenses. The following items from the first list of expenses in this example (total: \$42,952) cannot be deducted as moving expenses.

- Item 1, pre-move househunting expenses.
- Item 2, the down payment on the San Diego home. If any part of it were for payment of deductible taxes or interest on the mortgage on the house, that part would be deductible as an itemized deduction.

- Item 3, the real estate commission paid on the sale of the Detroit home. The commission is used to figure the gain or loss on the sale.
- Item 4, the loss on the sale of the Detroit home. The Smiths cannot deduct it even though Tom's employer reimbursed him for it.
- Item 6, the meals expense while driving to San Diego. (However, the lodging and car expenses are deductible. See *Deductible expenses*, earlier.)
- Item 7, temporary living expenses.

Withholding on reimbursement of nondeductible items. Tom's employer withheld income tax, social security tax, and Medicare tax on \$3,399 (the amount included in boxes 1, 3, and 5 of Form W-2). The \$3,399 is the total amount of Tom's reimbursement for his nondeductible expenses. That amount is made up of item 1, pre-move househunting (\$449); item 4, loss on sale of home (\$1,500); and item 7, temporary living expenses (motel \$1,450).

Moving to a Foreign Country

Mark Green is married and has two children. He and his wife, Mary, owned their home in the Washington, DC, area where he worked. He was told by his employer on January 19, 1994, that he would be transferred to London, England, as of March 21, 1994. The Greens sold their Washington home for more than they paid for it. Mary and the children stayed in the home until the children finished the school year. Mark flew to London on March 20 and moved into a hotel. He stayed in the hotel through June 17. On March 21, Mark went to work in the London office where he still works. On May 5, Mark paid \$3,000 as a security deposit on a furnished home in the London area that he could move into on June 18. Their personal effects were moved out of their old home on June 16. Most of their possessions were put in storage in Washington; the rest were shipped to London. Mary and the children stayed in a nearby motel on June 16 and flew to London on June 17, where they stayed in a hotel that night. Mark and his family moved into their leased home on June 18.

His records for the move show:

1) Expenses paid on sale of Washington home	\$ 7,850
2) Mark's traveling expenses to London: Travel \$392; Meals \$19 and lodging \$90 (in London on March 20)	501
3) Security deposit on lease of London home	3,000
4) Mark's temporary living expenses in London from March 21 through June 17 (89 days): Hotel room \$7,920; Meals \$3,080	11,000

5) Amount paid in 1994 for moving and storing personal effects (furniture, other household goods, etc.): Moving \$5,200; Storage \$2,900	8,100
6) Family's traveling expenses to London: Travel \$1,176; Meals \$90 and lodging \$160	1,426
Total	<u><u>\$31,877</u></u>

Mark was reimbursed \$17,793 as follows:

Moving and storage of personal effects ...	\$ 7,000
Travel (and lodging) to London	1,793
Temporary living expenses	9,000
Total reimbursement	<u><u>\$17,793</u></u>

Mark's employer gave him Form 4782 to show him a breakdown of the amount of reimbursement. This form is shown later.

The employer included this reimbursement on Mark's Form W-2 for 1994. The reimbursement of deductible expenses, \$8,793 for moving and storing household goods and travel to London, was included in box 13 of Form W-2. His employer identified this amount with code P.

The employer included the balance, \$9,000 reimbursement of nondeductible temporary living expenses, in boxes 1, 3, and 5 of Form W-2 with Mark's other wages. He must include this amount on line 7 of Form 1040. The employer withholds income tax, social security tax, and Medicare tax from the \$9,000. Also, Mark's employer could have given him a separate Form W-2 for his moving reimbursement.

Mark figures his deduction for moving expenses as follows:

Item 5, moving and storing personal effects	\$ 8,100
Items 2 and 6, expenses of travel to London (\$392 + \$90 + \$1,176 + \$160)	1,818
Total deductible moving expenses	\$ 9,918
Minus: Reimbursement included in box 13 of Form W-2	8,793
Deduction for moving expenses incurred in 1994 before allocation	<u><u>\$ 1,125</u></u>

Mark enters these amounts on Form 3903-F to figure the deduction. The Form 3903-F is shown at the end of this publication. Mark also enters the deduction, \$1,125, less the amount of any moving expenses allocable to excluded income or the housing exclusion, on line 24, Form 1040. The Form 3903-F instructions and Publication 54 show how to make this allocation. None of the moving expenses were allocable to excluded income or housing costs.

Tax treatment of expenses. The following items correspond to those in the first list of expenses (Total: \$31,877) in this example. These items explain how each expense is treated.

- Item 1, expenses paid on the sale of the Washington home, are used to figure the gain or loss on the sale. The expenses are not deductible as a moving expense.
- Item 2, Mark's travel expenses to London include the cost of meals, which is not deductible as a moving expense; this also applies to the cost of his family's meals in item 6. However, Mark's other travel expenses, including lodging in London on March 20, the day

he arrived, are deductible moving expenses. Mark adds Items 2 and 6 together (except meals) and enters the amount on line 4 of Part I of Form 3903-F.

- Item 3, the \$3,000 security deposit on the lease of the London home, is not a moving expense. See *Nondeductible Expenses* in Chapter 1.
- Item 4, Mark's 89 days of temporary living expenses, from March 21 to June 17, are not deductible as a moving expense.
- Item 5, moving and storage expenses for personal effects (furniture, other household goods, etc.) were \$8,100. Mark enters this amount on line 3, Form 3903-F. Of that amount, \$2,900 was paid for storing their things in Washington in 1994. As long as Mark stays on his London job, he can deduct the amount he pays each year to store their things.
- Item 6, Mary's and the children's travel expenses to London include the cost of their meals, which is not a deductible moving expense. However, their other travel expenses are deductible. This includes lodging in the Washington area on June 16, the day their things were moved out of their home. The other travel expenses also include the cost of their lodging in London on June 17, the day they arrived. Mark has already added Items 2 and 6 together (except meals) and entered the amount on line 4 of Part I of Form 3903-F.

Form 3903--Smith
Form 4782--Smith
Form 3903-F--Green
Form 4782--Green

Moving Expenses

1994

Attachment
Sequence No. 62

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040.

▶ See separate instructions.

Name(s) shown on Form 1040

Tom and Peggy Smith

Your social security number

325:00:6437

Part I Moving Expenses Incurred in 1994

Caution: If you are a member of the armed forces, see the instructions before completing this part.

- 1 Enter the number of miles from your old home to your new workplace
- 2 Enter the number of miles from your old home to your old workplace
- 3 Subtract line 2 from line 1. Enter the result but not less than zero

1	2,200 miles
2	5 miles
3	2,195 miles

Is line 3 at least 50 miles?

Yes ▶ Go to line 4. Also, see **Time Test** in the instructions.

No ▶ You cannot deduct your moving expenses incurred in 1994. Do not complete the rest of this part. See the **Note** below if you also incurred moving expenses before 1994.

- 4 Transportation and storage of household goods and personal effects
- 5 Travel and lodging expenses of moving from your old home to your new home. **Do not** include meals
- 6 Add lines 4 and 5
- 7 Enter the total amount your employer paid for your move (including the value of services furnished in kind) that is **not** included in the wages box (box 1) of your W-2 form. This amount should be identified with code **P** in box 13 of your W-2 form

4	8,000	-
5	378	-
6	8,378	-
7	7,178	-
8	1,200	-

Is line 6 more than line 7?

Yes ▶ Go to line 8.

No ▶ You cannot deduct your moving expenses incurred in 1994. If line 6 is less than line 7, subtract line 6 from line 7 and include the result in income on Form 1040, line 7.

- 8 Subtract line 7 from line 6. Enter the result here and on Form 1040, line 24. This is your **moving expense deduction for expenses incurred in 1994**

Note: If you incurred moving expenses before 1994 and you did not deduct those expenses on a prior year's tax return, complete Parts II and III on the back to figure the amount, if any, you may deduct on **Schedule A, Itemized Deductions**.

Employee Moving Expense Information

Payments made during the calendar year 19 **94**

OMB No. 1545-0182

Do not file.
 Keep for your records.

▶ See instructions on back.

Name of employee **Tom Smith** Social security number **325 00 6437**

Moving Expense Payments	(a) Amount paid to employee	(b) Amount paid to a third party for employee's benefit and value of services furnished in kind	(c) Total (Add columns (a) and (b).)
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Part I Expenses Incurred After 1993				
1	Transportation and storage of household goods and personal effects	1	6,800 -	6,800 -
2	Travel and lodging payments for expenses of moving from old to new home. Do not include meals	2	378 -	378 -
3	List all other payments (specify). Note: These amounts must be included in the employee's income ▶ <i>Loss on sale of home \$1,500</i> <i>Travel and lodging - Househunting \$449</i> <i>Lodging - Temporary quarters \$1,450</i>	3	3,399 -	3,399 -
4	Total payments for moving expenses incurred after 1993. Add the amounts in column (c) of lines 1 through 3.	4	10,577 -	10,577 -

Part II Expenses Incurred Before 1994				
Section A—Transportation of Household Goods				
1	Transportation and storage of household goods and personal effects	1		
Section B—Expenses of Moving From Old To New Home				
2	Travel and lodging payments not including meals	2		
3	Meal payments for travel	3		
Section C—Pre-move Househunting Expenses and Temporary Quarters for any 30 Days in a Row After Obtaining Employment (90 Days for a Foreign Move)				
4	Pre-move travel and lodging payments not including meals	4		
5	Temporary quarters payments not including meals	5		
6	Total meal payments for both pre-move househunting and temporary quarters	6		
Section D—Qualified Real Estate Expenses				
7	Qualified expenses of selling, buying, or renting a home	7		
Section E—Miscellaneous Payments				
8	List all other payments (specify) ▶	8		
9	Total payments for moving expenses incurred before 1994. Add the amounts in column (c) of lines 1 through 8. Note: This amount must be included in the employee's income	9		

Foreign Moving Expenses

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040.

▶ See separate instructions.

Name(s) shown on Form 1040

Mark and Mary Green

Your social security number

123:00:7500

Part I Moving Expenses Incurred in 1994

Caution: If you are a member of the armed forces, see the instructions before completing this part.

- 1 City and country in which your old workplace was located ▶ Washington, DC, USA
- 2 City and country in which your new workplace is located ▶ London, England
- Also, see **Time Test** in the instructions.

3	Transportation and storage of household goods and personal effects	3	8,100	-
4	Travel and lodging expenses of moving from your old home to your new home. Do not include meals	4	1,818	-
5	Add lines 3 and 4.	5	9,918	-
6	Enter the total amount your employer paid for your move (including the value of services furnished in kind) that is not included in the wages box (box 1) of your W-2 form. This amount should be identified with code P in box 13 of your W-2 form.	6	8,793	-
<p>Is line 5 more than line 6?</p> <p>Yes ▶ Go to line 7.</p> <p>No ▶ You cannot deduct your moving expenses incurred in 1994. If line 5 is less than line 6, subtract line 5 from line 6 and include the result in income on Form 1040, line 7.</p>				
7	Subtract line 6 from line 5. Enter the result here and on Form 1040, line 24. This is your moving expense deduction for expenses incurred in 1994	7	1,125	-

Note: If you incurred moving expenses before 1994 and you did not deduct those expenses on a prior year's tax return, complete Parts II and III on the back to figure the amount, if any, you may deduct on Schedule A, Itemized Deductions.

Employee Moving Expense Information

Payments made during the calendar year 19 **94**.

▶ See instructions on back.

OMB No. 1545-0182

Do not file.
 Keep for your records.

Name of employee **Mark Green**

Social security number
123 00 7500

Moving Expense Payments	(a) Amount paid to employee	(b) Amount paid to a third party for employee's benefit and value of services furnished in kind	(c) Total (Add columns (a) and (b).)
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Part I Expenses Incurred After 1993				
1	Transportation and storage of household goods and personal effects	1	7,000 -	7,000 -
2	Travel and lodging payments for expenses of moving from old to new home. Do not include meals	2	1,793 -	1,793 -
3	List all other payments (specify). Note: These amounts must be included in the employee's income ▶ <i>Temporary Living Expenses</i> <i>9,000</i>	3	9,000 -	9,000 -
4	Total payments for moving expenses incurred after 1993. Add the amounts in column (c) of lines 1 through 3. ▶		4	17,793 -

Part II Expenses Incurred Before 1994				
Section A—Transportation of Household Goods				
1	Transportation and storage of household goods and personal effects	1		
Section B—Expenses of Moving From Old To New Home				
2	Travel and lodging payments not including meals	2		
3	Meal payments for travel	3		
Section C—Pre-move Househunting Expenses and Temporary Quarters for any 30 Days in a Row After Obtaining Employment (90 Days for a Foreign Move)				
4	Pre-move travel and lodging payments not including meals	4		
5	Temporary quarters payments not including meals	5		
6	Total meal payments for both pre-move househunting and temporary quarters	6		
Section D—Qualified Real Estate Expenses				
7	Qualified expenses of selling, buying, or renting a home	7		
Section E—Miscellaneous Payments				
8	List all other payments (specify) ▶	8		
9	Total payments for moving expenses incurred before 1994. Add the amounts in column (c) of lines 1 through 8. Note: This amount must be included in the employee's income ▶		9	