

Tax Deductible moving expenses



You may, under certain circumstances, deduct some moving expenses on your federal income tax return if you complete the appropriate forms. Though Mayflower cannot give you tax advice, we have prepared a summary of some of the issues you should consider about the tax implications of your move. Because laws change frequently, you should always consult the Internal Revenue Service or your personal tax advisor for the most current information about your particular situation.

You can depend on your Mayflower agent for knowledge and expertise in helping you prepare for your move. The agent will be happy to assist you by answering questions and working closely with you to make your relocation as effortless as possible. However your tax situation is unique and your Mayflower agent cannot offer you specific tax advice.

Do You Qualify?

If you are moving in order to start a new job or have been transferred to a new location in your current job, the IRS allows you to deduct reasonable moving expenses as an adjustment to gross income if certain conditions, including the following, are met:

The change in job location would require you to commute at least 50 miles (one way) farther to work had you not moved. That 50 miles must be based on the shortest of the most commonly traveled routes.

The move occurs within one year of the date you begin work at the new location.

You work full time (for any employer) in the general vicinity of the new location for at least 39 weeks during the 12-month period following the move. If you are transferred, laid off or become disabled before the end of the 39-week period, you still may claim moving expenses. If you are self-employed, you must work full time for a total of at least 78 weeks during the 24 months immediately after you move.

NOTES: Special rules may apply to members of the armed forces, retirees and survivors of deceased family members who lived outside the United States. Consult the IRS for details. Guidance as to what constitutes full time work and what is considered your home for the mileage calculation is also available from the IRS.

Deductible Expenses

If you meet the qualifications, the following types of expenses may be deductible if you moved with the United States or from a foreign country into U.S. territory.

Packing and Transporting

You can deduct the reasonable expenses of packing, crating and transporting your family's personal effects from your former home to your new one. Moving expenses can also include the transportation of your automobile and pets and the cost of valuation and in-transit storage. For moves within the United States, the deduction of in-transit storage expenses is limited to the cost of 30 consecutive days of storage after your goods are picked up. Guidance about whether particular expenses are reasonable is available from the IRS.

Travel

You can deduct the cost of your personal, one-way transportation and lodging. The trip should be the shortest, most direct route available for the type of transportation selected. It is not necessary that all family members travel at the same time. However, the expenses for only one trip per person may be deducted. Additional information about particular expenses may be obtained from the IRS.

GENERAL NOTE: If you are self-employed, you may deduct the aforementioned expenses if you have already made specific arrangements to operate your business at a new location. There is no cap on the maximum deduction allowed for transporting household goods or for a family's travel costs to the new home.

Non-Deductible Expenses

Some moving-related expenses are *not* deductible and are identified as such by the IRS. Non-deductible moving expenses include the following:

Meals while moving from the old home to the new one

Pre-move house hunting trips

Temporary housing prior to moving into permanent housing

Costs of selling, buying or leasing homes as a result of a move

Deposits lost due to damage or neglected cleaning

Deposits required when entering a new lease

Home improvements

Licenses for drivers and automobiles

Lost club membership dues

Loss on the sale of your home

Mortgage penalties

Real-estate taxes (Instead of a moving expense, these taxes would be listed as an itemized deduction on Schedule A.)

Refitted carpets and draperies

How Are Moving Expenses Reported?

Moving expenses are deductible only as an adjustment to gross income.

Generally, to support your claim for deductions, you should use Internal Revenue Service Form 3903—“Moving Expenses”—which shows the type and amount of moving expenses incurred. However, there are circumstances where other forms should be used, so remember to consult the IRS or your tax advisor to make sure that you are using the correct forms.

Reimbursement

If you receive reimbursement for move-related expenses, that reimbursement is likely to have tax implications. Be sure to discuss those implications with your employer and your tax advisor. Specific guidance about reimbursements is available from the IRS. Your employer should provide you with information about the method of reimbursement used and what records you are required to have relating to reimbursement.

General Information

Ask for and keep dated receipts of all of your moving expenses and documentation in preparing your income tax form.

Keep all papers pertaining to your move that you received from the moving company, such as the Bill of Lading and Additional Services Performed form, if any. You will need them when you claim your tax deductions.

You might want to consult an accountant about how moving expenses could affect your income taxes. If a company reimbursed your non-deductible moving expenses, this could increase your tax liability. You might want to consider altering your W-4 form now to have extra money withheld.

To help you file tax information on the sale of a home, request Publication 523 and Schedule D from the IRS. For more information on filing moving expenses request Publication 521 and Form 3903 from the IRS.

To order federal tax forms and publications, call the nearest IRS office or 800-829-3676. Some of these forms and publications may also be available on the IRS Web site: www.irs.gov. You may also direct your questions to the local IRS office or the national office at 800-829-1040.

NOTE: IRS Publication 553, “Highlights of Tax Changes,” is available in January of each year. We recommend that you obtain a copy of this publication to determine if changes have been made in allowable moving expense deductions.

If you are a member of the armed forces or a civilian moving outside the United States, contact your tax adviser for specific information on qualifying for and claiming moving expenses.

To order federal tax forms and publications, call 800-829-3676.

You may also direct your questions to the local IRS office or the national office at 800-829-1040.

www.irs.gov

Moving Documents Checklist

You should keep records pertaining to your move in one place, and keep them for at least three years.

Those records should include:

Mover's Documents

- Bill of Lading
- Inventory
- Additional Services Performed form

Travel Expense Receipts

- Personal transportation costs (air, bus or train fares, and/or automobile expenses)
- Lodging

IRS Tax Forms and Information

- W-2 Wage and Tax Statement (from employer)
- 4782 Employee Moving Expense Information (from employer)
- 1040 U.S. Individual Income Tax Return
- Schedule A – Itemized Deductions
- Schedule D – Capital Gains and Losses
- Form 3903 – Moving Expenses
- Publication 521 – Moving Expenses
- Publication 523 – Tax Information on Selling Your Home
- Publication 530 – Tax Information for Homeowners
- Publication 553 – Highlights of Tax Changes



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