

The Internal Revenue Service (IRS) offers guidance on deducting your PCS moving expenses. While tax time may be months away, it's best to keep track of the things you need while you are preparing for and completing your move.

## Moving Expenses

To deduct moving expenses, you generally must meet certain time and distance tests. However, 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 these tests. You can deduct your unreimbursed moving expenses on Form 3903.

### Services or reimbursements provided by the government

Do not include in your income the value of moving and storage services provided by the government because of a permanent change of station. Similarly, do not include in your income amounts received as a dislocation allowance, temporary lodging expense, temporary lodging allowance, or move-in housing allowance.

Generally, if the total reimbursements or allowances that you receive from the government because of the move are more than your actual moving expenses, the excess is included in your wages on Form W-2. However, if any reimbursements or allowances (other than dislocation, temporary lodging, temporary lodging expense, or move-in housing allowances) exceed the cost of moving and the excess is not included in your wages on Form W-2, the excess still must be included in gross income on Form 1040, line 7.

Use Form 3903 to deduct qualified expenses that exceed your reimbursements and allowances (includ-

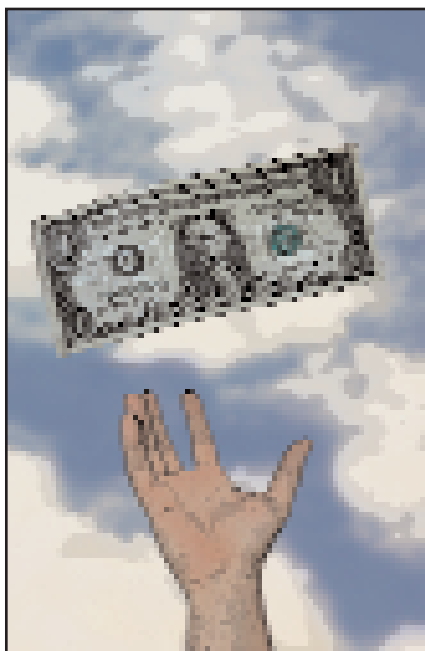
ing dislocation, temporary lodging, temporary lodging expense, or move-in housing allowances that are excluded from gross income).

If you must relocate and your spouse and dependents move to or from a different location, do not include in your income any reimbursements, allowances, or the value of moving and storage services provided by the government to move you and your spouse and dependents to and from the separate locations.

Do not deduct any expenses for moving services that were provided by the government. Also, do not deduct any expenses that were reimbursed by an allowance you did not include in income.

## Deductible Moving Expenses

If you move because of a PCS, you can deduct the reasonable unreimbursed expenses of moving you and members of your household. You can deduct expenses (if not reimbursed or furnished in kind) for moving and storing household goods and personal effects and travel.



### Moving household goods and personal effects

You can deduct the expenses of moving your household goods and personal effects, including expenses for hauling a trailer, packing, crating, in-transit storage, and insurance. You cannot deduct expenses for moving furniture or other goods you bought on the way from your old home to your new home.

### Storing and insuring household goods and personal effects

You can include only the cost of storing and insuring your household goods and personal effects within any period of 30 consecutive days after the day these goods and effects are moved from your former home and before they are delivered to your new home.

### Travel

You can deduct the expenses of traveling (including lodging but not meals) from your old home to your new home, including car expenses and air fare. You can deduct as car expenses either:

- Your actual out-of-pocket expenses including fuel and oil, or
- The standard mileage rate of 27 cents a mile

You can add parking fees and tolls to the amount claimed under either method. You cannot deduct any expenses for meals. You cannot deduct the cost of unnecessary side trips or lavish and extravagant lodging.

## Reporting Moving Expenses

Figure moving expense deductions on Form 3903. Carry the deduction from Form 3903 to Form 1040, line 26. For more information, see Publication 521 and Form 3903.

For more information, forms and publications, visit [www.irs.gov](http://www.irs.gov). ●