

Indiana Legal Services, Inc

Using the law to fight poverty, empower clients, and improve access to justice.

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How can moving af

How can moving affect your taxes?

If you move your home you may be able to deduct the cost of the move on your federal tax return next year. This may apply if you move to start a new job or to work at the same job in a new location. In order to deduct your moving expenses, your move must meet three requirements:

- Your move must closely relate to the start of work. In most cases, you can consider moving expenses within one year of the date you start work at a new job location. Additional rules apply to this requirement.
- Your move must meet the distance test. Your new main job location must be at least 50 miles farther from your old home than your prior job location. For example, let's say that your old job was three miles from your old home. To meet this test, your new job must be at least 53 miles from your old home.
- You must meet the time test. You must work full-time at your new job for at least 39 weeks the first year after the move. If you're self-employed, you must also meet this test. In addition you must work full-time for a total of at least 78 weeks during the first two years at the new job site. If your tax return is due before you meet the time test, you can still claim the deduction if you expect to meet it.

If you qualify for this deduction, here are a few more tips:

- **Travel.** You can deduct certain transportation and lodging expenses while moving. This applies to costs for yourself and other household members while moving from your old home to your new home. You may not deduct your travel meal costs.
- **Household goods and utilities.** You can deduct the cost of packing, crating and shipping your property. This may include the cost to store or insure the items while in transit. You can deduct the cost to disconnect or connect utilities at your old and new homes.
- **Expenses you can't deduct.** You may not deduct:
 - Any part of the purchase price of your new home.
 - The cost of selling your home.
 - The cost of breaking or entering into a lease.
- **Reimbursed expenses.** If your employer later pays you for the cost of a move that you deducted on your tax return, you may need to include the payment as income. You must

report any taxable amount on your tax return in the year you get the payment.

- **Address change.** When you move, make sure to update your address with the IRS and the U.S. Post Office. To notify the IRS, file Form 8822, Change of Address.

See IRS Publication 521, Moving Expenses, for more information about these rules

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