

130.11 Qualified Moving Expense

These rules do not apply for 2018 through 2025 tax years. For these years, all moving expense payments on behalf of an employee or reimbursements to an employee are taxable.

Amounts received by an employee as payment for, or reimbursement of, moving expenses which are attributable to employment must be included in gross income as compensation for services, except where deductible as qualified moving expenses. Qualified moving expenses are:

- Travel (one trip, including lodging but not meals) to the new residence. The travel cost of only a single trip of the employee and members of his/her household is allowed, but they needn't travel together or at the same time.
- Lodging expenses for the day the employee arrives in the new area, and the cost of lodging in the area of the old home (within one day after employee couldn't live in the old home because the furniture was moved), can also be excluded from income. However, temporary living expenses in the new area must be included in income. ; and
- Transportation of household goods and effects. The deductible expenses of moving household goods and personal effects include the costs of packing, crating and transporting, storing and insuring (for any 30-day period after the move), connecting and disconnecting utilities, and shipping the car and household pets.

To qualify as a moving expense, the distance from the old residence to the new principal place of work must be at least 50 miles more than the distance from the old residence to the old principal place of work. Where an employee didn't have a former place of work, the distance from the old residence to the new principal place of work must be at least 50 miles.

No deduction for moving expenses is allowed unless the employee satisfies the 39-week requirement. Under the 39-week requirement, the individual must be a full-time employee for at least 39 weeks in the general location of his new principal place of work during the 12-month period immediately following his arrival at that location. Temporary absences from work because of illness, strikes, shutouts, layoffs, and natural disasters do count as full-time employment. However, if the individual is prevented from satisfying the condition because of a transfer for the benefit of the employer, the 39-week requirement cannot bar the deduction. The exception applies only to a transfer that is beyond the control of the employee, and not one instituted by the employee.

Moving expenses must be incurred within a year from the date the employee first starts working in the new location. However, a postponement of the move for more than a year for a reason such as to allow the employee's child to finish grade school or high school education at the old area is permissible.

Qualified moving expenses an employer pays to a third party on behalf of the employee (e.g. to a moving company) will not be reported at all on Form W-2. Qualified moving expense reimbursements an employer pays directly to an employee will be reported in Box 13 of Form W-2 and will be identified using Code P. Other moving expense reimbursements (so-called nonqualified expenses), whether or not paid directly to a third party, will continue to be included in wages (Form W-2, box 1) and are subject to income tax withholding and social security and Medicare taxes.