

**EMPLOYEE MOVING AND RELOCATION EXPENSES  
TAX TREATMENT (INSIDE THE US)**

Qualified moving expenses are transportation and traveling expenses incurred in connection with the commencement of work at a new principal place of work, if the distance and time of employment requirements are met.

- The distance test is met if the new principal place of work is at least 50 miles farther than the distance from the taxpayer's former residence to the former principal place of work.
- The time of employment test is met if the employee was a full-time employee for at least 39 weeks during the 52 weeks immediately following the move.
- Transporting expenses are expenses incurred when transporting household furnishings and personal belongings to the new residence.
- Traveling expenses are the expenses incurred by the employee and member of the employee's household in making the shortest and most direct trip from the former residence to the new residence. Only one trip is allowed, however the members of the household do not need to travel together or at the same time. Certain expenses, such as meals, are non-qualified and if paid will be subject to payroll reporting.

Expense	Qualified or Non-Qualified	Reported on W-2 & Tax Withheld @ Supplemental Rate	Reported on W-2 as Information Only	Comments	Account Code
Packing	Qualified	No	Yes	Packing and crating of household goods and personal effects.	728101 or 728102
Moving household goods	Qualified	No	Yes	Transportation of household goods & personal effects, including pets and automobiles, from former residence to new residence.	728101 or 728102
Insurance & In-transit storage	Qualified	No	Yes	For periods not exceeding 30 days from the time the goods are moved from the former residence to the new residence.	728101 or 728102
Travel to new residence	Qualified	No	Yes	One trip for the employee and household members.	728101 or 728102
Lodging while in route	Qualified	No	Yes	For the employee and members of the employee's household while in route (including date of arrival) from the former residence to the new residence.	728101 or 728102
Pre-move house hunting	Non-Qualified	Yes	No	Includes all travel, meals & lodging once job offer has been accepted.	728103
Meals	Non-Qualified	Yes	No	All meals consumed during a move and while in temporary quarters and during pre-move house-hunting trips.	728103
Temporary quarters	Non-Qualified	Yes	No	Hotel lodging, lease or rent of house / apartment while waiting to occupy the new residence or waiting for furnishings to arrive.	728103
Storage charges	Non-Qualified	Yes	No	Other than in-transit or while overseas.	728103
Personal needs	Non-Qualified	Yes	No	I.e. Driver's license, auto insurance, etc.	728103
Passport required for work authorization	Qualified	No	Yes	The employee and individuals who are members of the employee's household and whose former residence and new residence is that of the employee will qualify as well.	728101 or 728102
Real estate needs	Non-Qualified	Yes	No	Incidental to leaving the employer's former residence and acquiring the new residence (points, broker fees, apartment cancellation fees, etc.)	728103
3 <sup>rd</sup> Party payment non-qualified expenses	Non-Qualified	Yes	No		728103
3 <sup>rd</sup> Party payment qualified expenses	Qualified	No	No		728101

**Notes:**

- IRS Publication 521 is a helpful tool when considering the tax treatment of moving expenses.
- For Qualified expenses, use account code 728101 when the expense is paid directly to a vendor and 728102 when the expense is reimbursed to the employee.
- If mileage is paid rather than actual traveling expenses, the IRS publishes a special rate for moving expenses. As of 01/01/2015 the qualified moving expense mileage rate is 23 cents per mile. The IRS updates these rates periodically. The rate should be checked prior to payment: <http://www.irs.gov/Tax-Professionals/Standard-Mileage-Rates>