

TAX GUIDE

for moving



TAX DEDUCTIONS you can take

Moving is expensive, but if you maintain good records, you may be able to recover some of those costs through tax benefits.

Some of your moving expenses are deductible if your move is work-related. To be deductible, the distance from your old residence to your new workplace must be at least 50 miles more than to your old place of work. If you are starting work for the first time or after a long period of unemployment, your new home must be at least 50 miles from your old home.

If you meet the requirements, here's what you may be able to deduct:

- ▶ Costs of moving your household goods and personal effects to your new home.
- ▶ Travel costs, including lodging while en route, from your old home to your new home.

OTHER tax facts

- ▶ Costs related to the sale of your old home and the purchase of a new one are not deductible as moving expenses; however, such costs will reduce any taxable gain on the sale of the old residence and increase the basis of a new residence.



- ▶ The cost of meals during your move is not deductible.
- ▶ The costs of pre-move house-hunting trips or living in temporary quarters in the new location are not deductible.
- ▶ Moving expenses that qualify for deduction are deductible in arriving at adjusted gross income rather than an itemized deduction. This treatment means you can deduct moving expenses regardless of whether you itemize deductions or take the standard deduction on your tax return.

Also, by reducing adjusted gross income, your moving expense deduction may make it easier for you to claim other deductions that are limited by adjusted gross income (for example, the deduction for medical expenses, casualty losses, and miscellaneous itemized deductions).

- ▶ Reimbursement from your employer for substantiated moving expenses you incurred (and have not deducted in a prior year) is not subject to either income or payroll tax.
- ▶ You should keep records, receipts, cancelled checks, etc., of moving expenses incurred because the IRS will not take your word for costs involved. You must be able to substantiate your moving expenses or they may be disallowed.

AFTER you move

- ▶ Notify all current year employers for all members of the family so that W-2 statements and other forms arrive on time at your new location.
- ▶ Review your insurance policies to make sure you still have the coverage you need. Your premiums may change on some insurance due to your new location. Find out when various policies expire so that you can get insurance in your new location without a lapse of coverage.
- ▶ Check on pension benefits at both your old job and your new one. If you are entitled to money from your old company's pension plan, get advice on the tax consequences of the various options relating to the funds.
- ▶ Make an appointment for a tax planning session in your new location. You may be required to file tax returns in more than one state, and state tax laws vary. Schedule this session early to give yourself ample time to do tax planning.



- ▶ Review your investment portfolio. Moving may require some adjustments. For example, if you own municipal bonds issued by your old state of residence, earnings on them will probably be taxable in your new state.
- ▶ If you've moved to a new state, find out the laws governing property rights. Some states are community property states and, in general, consider husbands and wives to be joint owners of property acquired during their marriage. Other states are common law states and property ownership depends on title and the source of acquisition funds. Get the facts so you can arrange your affairs accordingly.
- ▶ Have your will reviewed to see if changes are necessary. State laws vary; be sure your will still does what you want it to do.

If you'd like more information or assistance with tax matters related to making a move, contact our office. We're here to help.

TULSA TAX COACH

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