

1994



Department of the Treasury
Internal Revenue Service

Instructions for Form 3903-F

Foreign Moving Expenses

Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average times are:

	Recordkeeping	Learning about the law or the form	Preparing the form	Copying, assembling, and sending the form to the IRS
Part I only	20 min.	3 min.	13 min.	20 min.
Parts II & III only	52 min.	4 min.	35 min.	20 min.
Parts I, II, & III	1 hr., 12 min.	5 min.	46 min.	35 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the Instructions for Form 1040.

General Instructions

Changes To Note

New rules apply to expenses incurred after 1993. Under the new rules, the distance test has been increased from 35 to 50 miles. The cost of meals, pre-move househunting expenses, temporary quarters expenses, and qualified real estate expenses is no longer deductible. In addition, the deduction is allowed in figuring adjusted gross income (i.e., you no longer need to itemize deductions to claim moving expenses).

Purpose of Form

Use Form 3903-F to figure your moving expense deduction if you are a U.S. citizen or resident alien who moved to a new principal place of work (workplace) **outside** the United States or its possessions. If you qualify to deduct expenses for more than one move, use a separate Form 3903-F for each move.

Note: Use *Form 3903, Moving Expenses*, instead of this form if you moved from a foreign country to the United States or its possessions because of a change in the location of your job. Form 3903 should also be used by retirees and survivors who qualify to deduct their expenses for moving from a foreign country to the United States or its possessions.

Additional Information

For more details, get **Pub. 521, Moving Expenses**. Retirees and survivors should also get Pub. 521 for an explanation of the requirements that must be met to deduct moving expenses.

Other Forms You May Have To File

If you sold your main home in 1994, you must file **Form 2119, Sale of Your Home**, to report the sale.

Who May Deduct Moving Expenses

If you moved to a different home because of a change in job location outside the United

States or its possessions, you may be able to deduct your moving expenses. You may be able to take the deduction whether you are self-employed or an employee. But you must meet certain tests explained next.

Distance Test.—For moving expenses incurred in 1994, your new principal workplace must be at least 50 miles farther from your old home than your old workplace was. For example, if your old workplace was 3 miles from your old home, your new workplace must be at least 53 miles from that home. If you did not have an old workplace, your new workplace must be at least 50 miles from your old home. The distance between the two points is the shortest of the more commonly traveled routes between them.

For moving expenses incurred before 1994, your new principal workplace must be at least 35 miles farther from your old home than your old workplace was.

Time Test.—If you are an employee, you must work full time in the general area of your new workplace for at least 39 weeks during the 12 months right after you move. If you are self-employed, you must work full time in the general area of your new workplace for at least 39 weeks during the first 12 months and a total of at least 78 weeks during the 24 months right after you move.

You may deduct your moving expenses even if you have not met the time test before your tax return is due. You may do this if you expect to meet the 39-week test by the end of 1995 or the 78-week test by the end of 1996. If you deduct your moving expenses on your 1994 return but do not meet the time test, you will have to either:

- Amend your 1994 tax return by filing **Form 1040X**, Amended U.S. Individual Income Tax Return, or
- Report the amount of your 1994 moving expense deduction that reduced your 1994 income tax as income in the year you cannot meet the test. For more details, see **Time Test** in Pub. 521.

If you do not deduct your moving expenses on your 1994 return and you later meet the time test, you may take the deduction by

filing an amended return for 1994. To do this, use Form 1040X.

Exceptions to the Time Test.—The time test does not have to be met in case of death. You do not have to meet the time test if any of the following apply:

- Your job ends because of disability.
- You are transferred for your employer's benefit.
- You are laid off or discharged for a reason other than willful misconduct.

Members of the Armed Forces

If you are in the armed forces, you do not have to meet the **distance and time tests** if the move is due to a permanent change of station. A permanent change of station includes a move in connection with and within 1 year of retirement or other termination of active duty.

How To Complete Part I of Form 3903-F.—First, complete lines 3 through 5 using your actual expenses. **Do not** reduce your expenses by any reimbursements or allowances you received from the government in connection with the move. Also, do not include any expenses for moving services that were provided by the government. If you and your spouse and dependents are moved to or from different locations, treat the moves as a single move.

Next, enter on line 6 the total reimbursements and allowances you received from the government in connection with the expenses you claimed on lines 3 and 4. **Do not** include the value of moving services provided by the government. Then, complete line 7 if applicable.

How To Complete Parts II and III of Form 3903-F.—If the total reimbursements and allowances you received from the government in connection with moving expenses incurred before 1994 are more than your actual such expenses, include the excess in income on Form 1040, line 7. **Do not** complete Parts II and III of Form 3903-F. Otherwise, complete lines 3 through 14 using your actual expenses. **Do not** reduce your expenses by any reimbursements or allowances you received from the government in connection with the move. Also, do not include any expenses for moving services that were provided by the government. If you and your spouse and dependents are moved to or from different locations, treat the moves as a single move.

Next, complete lines 15 through 17. Then, read the instructions for line 18 on the next page.

Deductible Moving Expenses

You may deduct certain reasonable expenses you incur in moving your family and dependent household members. For moving expenses incurred in 1994, these are transportation and storage of household goods and personal effects (Part I, line 3) and travel and lodging expenses (other than expenses for meals) of moving from your old home to your new home (Part I, line 4).

For moving expenses incurred before 1994, deductible moving expenses include those shown in Sections A through D of Part II.

Regardless of when the expenses were incurred, you **may not** deduct expenses of a loss on the sale of your home, mortgage penalties, refitting draperies and carpets, or canceling club memberships. Do not deduct expenses for employees such as a servant, governess, or nurse.

Reimbursements

If your employer paid for any part of your move, your employer must give you a statement showing a detailed breakdown of reimbursements or payments for moving expenses. Your employer may use **Form 4782**, Employee Moving Expense Information, or his or her own form.

You may choose to deduct moving expenses in the year you are reimbursed by your employer, even though you paid the expenses in a different year. However, special rules apply. See **How To Report** in Pub. 521.

No Double Benefits

If you file **Form 2555**, Foreign Earned Income, to exclude any of your income or housing costs, you may not deduct the part of your moving expenses that is allocable to the excluded income. But for moving expenses incurred in 1994, report the full amount on Form 3903-F and on Form 1040, line 24, and the unallowable part on Form 2555, line 42. For moving expenses incurred before 1994, report the unallowable part on Form 3903-F, line 19. For details on how to figure the part allocable to the excluded income, get **Pub. 54**, Tax Guide for U.S. Citizens and Resident Aliens Abroad.

Specific Instructions

Part I—Moving Expenses Incurred in 1994

Line 3.—Enter the actual cost to pack, crate, move, store, and insure your household goods and personal effects. Also, include the cost of moving your possessions to and from storage and storing them for all or part of the time the new workplace continues to be your principal workplace.

Note: You don't have to complete this form if (1) you moved in an earlier year, (2) you are claiming only storage fees during your absence from the United States, and (3) any amount your employer paid for the storage fees is included in the wages box of your W-2 form. Instead, enter the storage fees on Form 1040, line 24, and write "Storage" next to the amount.

Line 4.—Enter the costs of travel from your old home to your new home. These include transportation and lodging on the way. Include costs for the day you arrive. Although not all the members of your household have to travel together or at the same time, you may only include expenses for one trip per person.

If you use your own car(s), you may figure the expenses by using either:

- Actual out-of-pocket expenses for gas and oil, or
- Mileage at the rate of 9 cents a mile.

You may add parking fees and tolls to the amount claimed under either method. Keep records to verify your expenses.

Part II—Moving Expenses Incurred Before 1994

Caution: Do not include expenses you deducted on a prior year's return.

Line 3.—Enter the actual cost to pack, crate, move, store, and insure your household goods and personal effects. Also, include the cost of moving your possessions to and from storage and the cost of storing them for all or part of the time the new workplace continues to be your principal workplace.

Note: If you moved in an earlier year and are claiming only storage fees during your absence from the United States, you do not have to complete this form. Enter the net amount (after the reduction for the part that is allocable to excluded income) on Schedule A (Form 1040), line 27. Next to the amount, write "Storage."

Lines 4 and 5.—Enter the costs of travel from your old home to your new home. These include transportation, meals, and lodging on the way. Include costs for the day you arrive. Report the cost of transportation and lodging on line 4. Report your meals separately on line 5. Although not all the members of your household have to travel together or at the same time, you may only include expenses for one trip per person.

If you use your own car(s), figure transportation costs as explained in the instructions for Part I, line 4.

Lines 8 through 10.—Enter the costs of travel to look for a new home before you move and temporary quarters expenses after you move. Report pre-move househunting travel and lodging on line 8, temporary quarters expenses on line 9, and the combined cost of meals on line 10.

Pre-move househunting expenses are deductible only if you:

- Took the trip after you got the job, and
- Returned to your old home after looking for a new one, and
- Traveled to the general location of the new workplace primarily to look for a new home.

There is no limit on the number of househunting trips you may take and you do not have to be successful in finding a home to qualify for this deduction. If you used your own car, figure transportation costs as explained in the instructions for Part I, line 4. If you are self-employed, you may deduct househunting costs only if you had already made substantial arrangements to begin work in the new location. See Pub. 521 for factors used to determine if substantial arrangements were made.

You may deduct the cost of meals and lodging while occupying temporary quarters in the area of your new workplace. Include the costs for any period of 90 days in a row after you get the job but before you move into permanent quarters. If you are self-employed, you may count these expenses only if you had already made substantial arrangements to begin work in the new location.

Lines 13 and 14.—Enter your qualified real estate expenses. Also, check the appropriate box, **a** or **b**. You may include most of the costs to sell or buy a home or to settle or get a lease. Examples of expenses you **may** include are:

- Sales commissions.
- Advertising costs.
- Attorney's fees.
- Title and escrow fees.
- State transfer taxes.
- Costs to settle an unexpired lease such as attorney's fees, real estate commissions, or amounts paid to the lessor.
- Fees or commissions to get a lease, sublease, or an assignment of a lease.

Examples of expenses you **may not** include are:

- Costs to improve your home to help it sell.

- Charges for payment or prepayment of interest.

- Payments or prepayments of rent (including security deposits) to get a new lease.

Note: If you checked box **a** on line 13, you cannot use the expenses on line 13 that are part of your moving expense deduction to lower the gain on the sale of your old home. If you checked box **a** on line 14, you cannot use the expenses on line 14 that are part of your deduction to add to the basis of your new home.

Part III—Dollar Limits and Moving Expense Deduction For Expenses Incurred Before 1994

Lines 15 and 17.—The dollar limits on these lines apply to the total expenses **per move** even though you may claim expenses related to the same move in more than 1 year. For more details, see **How To Report** in Pub. 521.

If both you and your spouse began work at new workplaces and at the end of the year in which the expenses were incurred you (a) shared the same new home or (b) made specific plans to share the same new home within a determinable time, you must treat this as one move rather than two. If you file separate returns, each of you is limited to a total of \$2,250 on line 15, and to a total of \$3,000 on line 17.

If both you and your spouse began work at new workplaces but each of you moved to separate new homes, this is treated as two separate moves. If you file a joint return, line 15 is limited to a total of \$9,000, and line 17 is limited to a total of \$12,000. If you file separate returns, each of you is limited to a total of \$4,500 on line 15, and a total of \$6,000 on line 17.

Note: If you checked box **a** on line 13, any amount on line 13 that you cannot deduct because of the dollar limit should be used on Form 2119 to decrease the gain on the sale of your old home. If you checked box **a** on line 14, use any amount on line 14 that you cannot deduct because of the dollar limit to increase the basis of your new home.

Line 18.—If you are a member of the armed forces, add the amounts on lines 3, 7, and 17. From that total, subtract the total reimbursements and allowances you received from the government in connection with the move. If the result is more than zero, enter the result on line 18. Then, complete the rest of the form to figure the amount to enter on Schedule A, line 27.

Line 19.—If you file Form 2555 and your period of bona fide residence or physical presence in the year of your move is 120 days or more, the moving expense is connected with earning the income at the foreign location in the year of your move. Figure the unallowable part of the moving expenses by multiplying the amount on line 18 by a fraction. The numerator of the fraction is the excluded income and the denominator is total foreign earned income. Enter the result on line 19. Attach a statement to your return showing how you figured this amount.

If your period of bona fide residence or physical presence in the year of your move is **less** than 120 days, see Pub. 54 for details on how to figure the amount to enter on line 19. Also, attach a statement to your return showing how you figured this amount.

