



Military Moving Expenses





About Military Moving Expenses

- Additional resources listed in L< “References” tab
- Review all tips and cautions in the lesson
- Read all examples and sample interviews
- We will review answers to each exercise



Objectives – Military Moving Expenses

Determine:

- If a move qualifies as a permanent change of station (PCS)
- Which moving expenses are deductible
- When allowances and reimbursements must be included in income
- Time Required: 30 minutes

Topics



- Permanent Change of Station
- Deductible Moving Expenses
- Reimbursements
- Reporting Moving Expenses



Key Terms

Definitions are always available in the L< online Glossary.

- Cash Method
- PCS
- PPM
- Travel Expenses

Permanent Change of Station

- Only military moving expenses incurred as a result of a permanent change of station (PCS) may be deductible
- What is a PCS?
 - A move from home to the area of the first post of duty
 - A move from one permanent post of duty to another
 - A move from the last post of duty to home or to a nearer point in the U.S.
- If the Armed Forces moves a service member and spouse/dependents to or from separate locations, the expenses are combined and treated as a single move

Schedule 1 (Form 1040) 2024

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Part II Adjustments to Income

11	Educator expenses	11	
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	12	
13	Health savings account deduction. Attach Form 8889	13	
14	Moving expenses for members of the Armed Forces. Attach Form 3903	14	
15	Deductible part of self-employment tax. Attach Schedule SE	15	
16	Self-employed SEP, SIMPLE, and qualified plans	16	
17	Self-employed health insurance deduction	17	



Deductible Moving Expenses

- Qualifying military moving expenses include the cost of:
 - Moving household goods and personal effects
 - Reasonable travel and lodging expenses from the old home to the new home
- Qualifying deductible expenses are those that exceed government allowances and reimbursements
- Non-deductible moving expenses include costs of stopovers and side trips that are not the shortest, most direct route from the former home to the new home



Reimbursements

- The Armed Forces often provides an incentive payment equal to 95% of the government's estimated cost for a Personally Procured Move (PPM)
- When the move is completed, the service member provides receipts to show authorized expenses
- Payments or reimbursements greater than qualified expenses is net profit, which is taxable and reported on a Form W-2
- PPM payments are entered as income on Form 1040, line 1
- What are examples of items included in gross pay and what are excluded items from gross pay? ([Pub 4012](#), Tab D, Income, Armed Forces Gross Income)

Reporting Moving Expenses

- If service members have expenses that exceed the amount they were reimbursed, they should complete [Form 3903](#) , Moving Expenses
- Taxpayers can deduct their moving expenses in the year the expenses were paid or the year they were reimbursed
- For more information, see Form 3903 Instructions

Form 3903		Moving Expenses		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service		Attach to Form 1040, 1040-SR, or 1040-NR. Go to www.irs.gov/Form3903 for instructions and the latest information.		2024 Attachment Sequence No. 170
Name(s) shown on return				Your social security number
Before you begin: You can deduct moving expenses only if you are a Member of the Armed Forces on active duty and, due to a military order, you, your spouse, or your dependents move because of a permanent change of station. Check here to certify that you meet these requirements. See the instructions <input type="checkbox"/>				
1	Transportation and storage of household goods and personal effects (see instructions)	1		
2	Travel (including lodging) from your old home to your new home (see instructions). Do not include the cost of meals	2		
3	Add lines 1 and 2	3		
4	Enter the total amount the government paid you for the expenses listed on lines 1 and 2 that is not included in box 1 of your Form W-2 (wages). This amount should be shown in box 12 of your Form			



Summary

This lesson covered:

- Types of military moves that qualify for tax benefits
- What kinds of moving expenses are deductible
- How to use Form 3903 to compute moving expense deductions
- Moving expenses are deducted as an adjustment to income on Form 1040