



FREQUENTLY ASKED QUESTIONS ABOUT RELOCATION AND YOUR TAXES

1. What do I do with the enclosed Employee Moving Expense Information, i.e., Relocation Tax Report (RTR)?

The enclosed Relocation Tax Report is being provided to you by Paragon Relocation Resources, Inc. to assist you in understanding what relocation related payments have been paid to you or on your behalf. This document should be used to complete your Form 3903, which should be included with your Income Tax Return.

2. Does a copy of my Relocation Tax Report need to be submitted to the IRS?

No. The Relocation Tax Report (RTR) is provided for your informational purposes only. The RTR will assist you with completing Form 3903, Moving Expenses, which must be attached to your Income Tax Return.

3. If I moved more than once this year, are all moves included on a single Relocation Tax Report?

No. If moving expenses for more than one relocation were paid to you or made on your behalf in the same tax year, a separate Relocation Tax Report is provided for each move.

4. My relocation was tax assisted. Will I receive a check for the tax assistance amount?

No. The amount of tax assistance provided on your behalf is reported to your employer's payroll department. This dollar amount is then used by your employer to pay taxes directly to the applicable tax authorities and is reflected as additional tax withholding on your W-2.

5. My employer doesn't tax assist certain moving expense reimbursements. How is this handled for taxes I owe?

If your relocation was not tax assisted, or if certain benefits are not eligible for tax assistance, an estimated amount was deducted from your disbursement to offset taxes you owe. This deducted amount has been reported to your employer's payroll department and has been used to pay the applicable taxes directly to the tax authorities. It will be reflected as a tax withholding on your W-2.

6. My employer doesn't pay for storage of household goods. During my transfer, I had to store everything for two weeks because of a delayed closing. Can I deduct these costs?

The cost of in-transit storage of household goods for up to 30 days is deductible. Add what you paid for storage to the costs of your household goods shipment on line 1 on IRS Form 3903.

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7. I don't itemize my deductions when I prepare my Federal taxes. Can I still deduct my moving expenses?

You don't need to itemize in order to deduct your moving expenses. Your employer will exclude qualified reimbursements from your W-2 wages. Any other deductible expenses you had that were not reimbursed can still be deducted. Complete Form 3903 to take all applicable deductions.

8. I moved out of the United States to a foreign country. What forms do I complete?

You will need to complete an IRS Form 3903 in order to deduct allowable relocation expenses.

9. I moved back to the United States from a foreign country. What forms do I complete to account for moving expenses?

You will need to complete an IRS Form 3903 in order to deduct allowable relocation expenses.

10. My employer provides a lump-sum payment to cover some of my relocation expenses. How does the lump-sum affect my wages and taxes that I owe?

Lump-sum payments are income and are included in your wages. Your employer either withholds for taxes or tax assists the payment. If your lump-sum payment included an amount for qualified relocation expenses (such as household goods shipment or final move expenses), don't forget to deduct your actual, receipted costs when you complete IRS Form 3903.

11. I had a child in college when I relocated. Can I deduct the cost of travel for my child from college to our new home?

Yes. You can deduct moving expenses you pay for yourself and members of your household. A member of your household is anyone who has both your former and new home as their home.