# Tax Considerations Your Clients Should Keep in Mind When Moving


You've found a new owner or tenant for your property. Congratulations! While you and your client have undoubtedly both overcome obstacles to get to this point, there are still several to consider. Plenty of those burdens will weigh heavily on your client.

Relocation is never easy, and it certainly comes with a price tag. Beyond incurring the expenses of securing your property and the future expenses associated with that aspect of the transaction, as well as hiring movers, your client will have many other items on the moving checklist that will lighten their wallet.

Despite their impending financial burdens, your clients do have a way of mitigating some of their monetary losses through tax deductions. They can qualify for a deduction on their moving expenses if the reason for their relocation is attributed to starting a new job or to a change in the location of their job or business. The ability to qualify for such deductions is dependent on two requirements: the distance test and time test.

The distance test states that the distance between your old home and new workplace must be at least 50 miles farther than the distance between your previous home and old workplace. For example, if you used to commute 10 miles to work, your new workplace must be at least 60 miles from your previous home.

The time test is broken into two categories. The first applies to employees of a company, and states that in the first year upon arriving in the new location, you must work full-time for at least 39 weeks. The second applies to those who are self-employed, and states that in the first year upon arriving in the new location, you must work full-time for at least 39 weeks and for a total of 78 weeks in the first two years upon arrival. There are exceptions to the time test, however. They apply in the cases of death, disability, involuntary separation and other circumstances.

If your client passes both the distance and time tests, he will qualify to deduct his moving expenses in the year that he makes the move to his new residence.

Your clients are able to deduct the reasonable expenses incurred in moving their personal belongings from their old home to new. There are those out there that may try to abuse the definition of reasonable, so it's important to establish its meaning.

Reasonable expenses include the obvious: the cost of paying a moving company to transport household goods and personal belongings, but also some of the cost of traveling to the new home. This includes gas and lodging expenses, but not the cost of food for the trip. For those that may have need of a strict definition, one is unable to expense any costs of sightseeing during a move. So while the kids might enjoy rollercoasters and Shamu, don't expect the government to accept that particular invoice.

As a last tip to leave with your clients, they should know that they will not be able to deduct any moving expenses that are reimbursed by their employer if the reimbursement is not considered part of their income.

While your clients will come across a number of speed bumps on their road to a new abode, as their realtor – and someone knowledgeable in the business – you can point them to the path of least resistance.