

Iowa Tax Reform Guidance: Moving Expense Deductions for Tax Year 2018

On December 22, 2017, President Donald Trump signed Public Law 115-97, commonly referred to as the Tax Cuts and Jobs Act (TCJA), which suspends the federal moving expense deduction for tax years 2018-2025, except for moving expenses incurred by active duty military members who move pursuant to a military order and incident to a permanent change of station.

Iowa, however, did not conform to this limitation for tax year 2018. As a result, moving expenses will be deductible for Iowa purposes in 2018 for any move that would have qualified for the federal deduction prior to its suspension by the federal TCJA. Iowa will conform to the new federal moving expense deduction limitations for tax years beginning on or after January 1, 2019.

Qualifying for the Iowa moving expense deduction

In general, if you move in connection with your job or business or start a new job you may deduct your reasonable moving expenses if you meet certain distance and time tests and if the move is closely related in both time and place to the start of work at your new job location. Deductible expenses generally include the reasonable costs of moving and storing your household goods and personal effects and the reasonable costs of traveling (including lodging but not meals) from your old home to your new home. For more details, see [2017 IRS Pub. 521](#).

Moving expenses are not deductible if they are reimbursed by your employer and the reimbursement is excluded from your taxable wages. These are known as qualified moving expense reimbursements. The federal TCJA suspended qualified moving expense reimbursements for tax years 2018-2025 for most taxpayers, but they still apply to active duty military members who move pursuant to a military order and incident to a permanent change of station, and to certain reimbursements received by an individual in 2018 for moving expenses connected to a 2017 move (see [IRS Notice 2018-75](#) for more information).

Calculating and claiming the Iowa moving expense deduction

The Iowa moving expense deduction for an active duty military member who moves pursuant to a military order and incident to a permanent change of station is the same as claimed for federal tax purposes on federal [form 3903](#).

For Iowa tax purposes, the moving expense deduction for any other eligible move will be calculated on the [2018 IA 3903 Moving Expense Worksheet](#). If the deduction is related to a move that occurred in 2017 for which the individual received a qualified moving expense reimbursement in 2018, that reimbursement amount must be included on line 7 of the IA 3903 worksheet.

As in past years, only moves within or into Iowa are eligible for the deduction. The [IA 126 Nonresident/Part-Year Resident Credit](#) provides necessary adjustments to this deduction for nonresidents and part-year residents who move outside or out of Iowa. Please follow the [expanded instructions](#) to properly complete the IA 126.



Mission Statement:
The mission of the Iowa Department of Revenue is to serve Iowans and support state government by collecting all taxes required by law, but no more.