

**Impact of the Tax Cuts and Jobs Act (a/k/a Tax Reform) on Moving Expenses:
Moving Expenses No Longer Tax Free
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The Tax Cuts and Jobs Act passed by Congress in late 2017 included a change to the tax treatment for job-related moving expenses.

Prior to the change in the law, a deduction for moving expenses (defined in the statute) was allowed if the move was related to a new job, the new job location was at least fifty miles farther from the former residence than the former place of work was from the former residence, and certain timing requirements were met. Any qualifying unreimbursed or employer reimbursed moving expenses were fully deductible and excluded from income. Therefore, they were not taxable to the employee.

The Tax Cuts and Jobs Act changes this tax treatment for moving expenses by adding a new subsection, (k), to Internal Revenue Code §217. This new subsection (k) to §217 states that, except for members of the armed forces as outlined, the deduction for moving expenses shall not apply for any taxable year beginning after December 31, 2017, and before January 1, 2026.

The effect of this suspension of §217 results in job-related moving expenses no longer being deductible on an individual's federal income tax return for taxable years 2018 through 2025. Additionally, should an employer reimburse moving expenses meeting the §217 requirements, the amount of the reimbursement will be taxable income to the employee.

Mid councils, churches, and ministers should be mindful of this change in tax treatment for moving expenses as terms of call are being negotiated for new pastoral relationships that involve a qualifying move.