

are more than your actual moving expenses, the excess is included in your wages on Form W-2. However, if any reimbursements or allowances (other than dislocation, temporary lodging, temporary lodging expense, or move-in housing allowances) exceed the cost of moving and the excess is not included in your wages on Form W-2, the excess still must be included in gross income on Form 1040, line 7.

Use Form 3903 to deduct qualified expenses that exceed your reimbursements and allowances (including dislocation, temporary lodging, temporary lodging expense, or move-in housing allowances that are excluded from gross income).

If you must relocate and your spouse and dependents move to or from a different location, do not include in income reimbursements, allowances, or the value of moving and storage services provided by the government to move you and your spouse and dependents to and from the separate locations.

Do not deduct any expenses for moving services that were provided by the government. Also, do not deduct any expenses that were reimbursed by an allowance you did not include in income.

## Deductible Moving Expenses

If you move because of a permanent change of station, you can deduct the reasonable unreimbursed expenses of moving you and members of your household.

You can deduct expenses (if not reimbursed or furnished in kind) for:

- Moving household goods and personal effects, and
- Travel.

**Moving household goods and personal effects.** You can deduct the expenses of moving your household goods and personal effects, including expenses for hauling a trailer, packing, crating, in-transit storage, and insurance. You cannot deduct expenses for moving furniture or other goods you bought on the way from your old home to your new home.

**Storing and insuring household goods and personal effects.** You can include only the cost of storing and insuring your household goods and personal effects within any period of 30 consecutive days after the day these goods and effects are moved from your former home and before they are delivered to your new home.

**Travel.** You can deduct the expenses of traveling (including lodging but not meals) from your old home to your new home, including car expenses and air fare. You can deduct as car expenses either:

- Your actual out-of-pocket expenses such as gas and oil, or
- The standard mileage rate of 16.5 cents a mile.

You can add parking fees and tolls to the amount claimed under either method. You cannot deduct any expenses for meals. You cannot deduct the cost of unnecessary side trips or lavish and extravagant lodging.

**Member of your household.** A member of your household is anyone who has both your former home and your new home as his or her main home. It does not include a tenant or employee unless you can claim that person as a dependent.

## Foreign Moves

A foreign move is a move from the United States or its possessions to a foreign country or from one foreign country to another foreign country. It is not a move from a foreign country to the United States or its possessions.

For a foreign move, the deductible moving expenses described earlier are expanded to include the reasonable expenses of:

- Moving your household goods and personal effects to and from storage, and
- Storing these items for part or all of the time the new job location remains your main job location. The new job location must be outside the United States.

## Reporting Moving Expenses

Figure moving expense deductions on Form 3903. Carry the deduction from Form 3903 to Form 1040, line 26. For more information, see Publication 521 and Form 3903.

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## Combat Zone Exclusion

If you are a member of the U.S. Armed Forces who serves in a [combat zone](#) (defined later), you can exclude certain pay from your income. This pay is generally referred to as “combat pay.” You do not actually need to show the exclusion on your tax return because income that qualifies for the combat zone exclusion is not included in the wages reported on your Form W-2. (See [Form W-2](#), later.)

The month for which you receive the pay must be a month in which you either served in a combat zone or were hospitalized as a result of wounds, disease, or injury incurred while serving in the combat zone. You do not have to receive the excluded pay while you are in a combat zone, are hospitalized, or in the same year you served in a combat zone.

If you are an enlisted member, warrant officer, or commissioned warrant officer, you can exclude the following amounts from your income. (Other officer personnel are discussed under [Amount of Exclusion](#), later.)

- Active duty pay earned in any month you served in a combat zone.
- Imminent danger/hostile fire pay.

- A reenlistment bonus if the voluntary extension or reenlistment occurs in a month you served in a combat zone.
- Pay for accrued leave earned in any month you served in a combat zone. The Department of Defense must determine that the unused leave was earned during that period.
- Pay received for duties as a member of the Armed Forces in clubs, messes, post and station theaters, and other nonappropriated fund activities. The pay must be earned in a month you served in a combat zone.
- Awards for suggestions, inventions, or scientific achievements you are entitled to because of a submission you made in a month you served in a combat zone.
- Student loan repayments. If the entire year of service required to earn the repayment was performed in a combat zone, the entire repayment made because of that year of service is excluded. If only part of that year of service was performed in a combat zone, only part of the repayment qualifies for exclusion. For example, if you served in a combat zone for 5 months,  $\frac{5}{12}$  of your repayment qualifies for exclusion.

Retirement pay and pensions do not qualify for the combat zone exclusion.

**Partial (month) service.** If you serve in a combat zone for any part of one or more days during a particular month, you are entitled to an exclusion for that entire month.

**Form W-2.** The wages shown in box 1 of your 2010 Form W-2 should not include military pay excluded from your income under the combat zone exclusion provisions. If it does, you will need to get a corrected Form W-2 from your finance office.

You cannot exclude as combat pay any wages shown in box 1 of Form W-2.

## Combat Zone

A combat zone is any area the President of the United States designates by Executive Order as an area in which the U.S. Armed Forces are engaging or have engaged in combat. An area usually becomes a combat zone and ceases to be a combat zone on the dates the President designates by Executive Order.

**Afghanistan area.** By Executive Order No. 13239, Afghanistan (and airspace above) was designated as a combat zone beginning September 19, 2001.

**The Kosovo area.** By Executive Order No. 13119, the following locations (including airspace above) were designated as a combat zone beginning March 24, 1999.

- Federal Republic of Yugoslavia (Serbia/Montenegro).
- Albania.

- The Adriatic Sea.
- The Ionian Sea—north of the 39th parallel.

**Persian Gulf area.** By Executive Order No. 12744, the following locations (and airspace above) were designated as a combat zone beginning January 17, 1991.

- The Persian Gulf.
- The Red Sea.
- The Gulf of Oman.
- The part of the Arabian Sea that is north of 10 degrees north latitude and west of 68 degrees east longitude.
- The Gulf of Aden.
- The total land areas of Iraq, Kuwait, Saudi Arabia, Oman, Bahrain, Qatar, and the United Arab Emirates.

## Serving in a Combat Zone

You are considered to be serving in a combat zone if you are either assigned on official temporary duty to a combat zone or you qualify for hostile fire/imminent danger pay while in a combat zone.

Service in a combat zone includes any periods you are absent from duty because of sickness, wounds, or leave. If, as a result of serving in a combat zone, a person becomes a prisoner of war or is missing in action, that person is considered to be serving in the combat zone so long as he or she keeps that status for military pay purposes.

## Hospitalized While Serving in a Combat Zone

If you are hospitalized while serving in a combat zone, the wound, disease, or injury causing the hospitalization will be presumed to have been incurred while serving in the combat zone unless there is clear evidence to the contrary.

**Example.** You are hospitalized for a specific disease in a combat zone where you have been serving for 3 weeks, and the disease for which you are hospitalized has an incubation period of 2 to 4 weeks. The disease is presumed to have been incurred while you were serving in the combat zone. On the other hand, if the incubation period of the disease is 1 year, the disease would not have been incurred while you were serving in the combat zone.

## Hospitalized After Leaving a Combat Zone

In some cases, the wound, disease, or injury may have been incurred while you were serving in the combat zone, even though you were not hospitalized until after you left. In that case, you can exclude military pay earned while you