



IRS: 2018 employer reimbursements for employees' 2017 moves are generally tax-free

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WASHINGTON — Employer payments or reimbursements in 2018 for employees' moving expenses incurred prior to 2018 are excluded from the employee's wages for income and employment tax purposes, the Internal Revenue Service announced today.

The 2017 Tax Cuts and Jobs Act (TCJA) suspended the exclusion from income for moving expenses reimbursed or paid by an employer for most employees starting in 2018, making these amounts taxable, except for amounts for active-duty members of the U.S. Armed Forces whose moves relate to a military-ordered permanent change of station.

Under [Notice 2018-75](#), posted today on IRS.gov, reimbursements an employer pays to an employee in 2018 for qualified moving expenses incurred in a prior year are not subject to federal income or employment taxes. The same is true if the employer pays a moving company in 2018 for qualified moving services provided to an employee prior to 2018.

To qualify, reimbursements or payments must be for work-related moving expenses that would have been deductible by the employee if the employee had directly paid them prior to Jan. 1, 2018. The employee must not have deducted them in 2017. For more information on the 2017 rules, see [Form 3903](#) or [Publication 521](#).

Employers that have already treated reimbursements or payments as taxable can follow the normal employment tax adjustment and refund procedures. See [Publication 15](#), section 13, or [Form 941-X](#) and its instructions for details.

Updates on this and other TCJA provisions can be found at [IRS.gov/taxreform](https://www.irs.gov/taxreform).

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