IRS SUMMER TAX TIP

ARE YOU MOVING THIS SUMMER?

Many people with children find it less disruptive to move during the summer months when school is not in session. Whether you have children or not, you may find these reminders from the IRS helpful:

Moving Expenses

Your moving expenses may be deductible on your federal tax return if you meet certain tests relating to all three of the following requirements:

- Your move is closely related to the start of work at a new job location,
- You meet the distance test, and
- You meet the time test.

However, if your employer reimburses you for the cost of the move, the reimbursement may have to be included on your tax return.

For more details on the qualifications for deducting moving expenses or reporting reimbursement, review IRS Publication 521, Moving Expenses. Also see Form 3903, Moving Expenses, which is used to figure the amount of the deduction.

Buying a Home

Many people find that home ownership allows them to itemize deductions on their tax returns. If you're a first-time homeowner, you should know that mortgage interest, "points" paid to obtain the mortgage and real estate taxes are deductible expenses that can be itemized to help reduce the amount of taxes you owe. Other expenses that can be itemized and deducted include medical costs, certain state and local tax payments, charitable contributions, casualty losses and certain miscellaneous deductions. If the total amount of your itemized deductions is more than the standard deduction amount, you can usually benefit by itemizing.

See if itemizing will make financial sense for you by reviewing Publication 17, Your Federal Income Tax, and the instructions for Schedule A of the Form 1040. Review Publication 530, Tax Information for First-Time Homeowners, for more information on allowable home-related deductions.

Selling Your House

If you sell your main home, you may be able to exclude up to $250,000 of gain ($500,000 for married taxpayers filing jointly) from your federal tax return when it's time to do your taxes. This exclusion is allowed each time that you sell your main

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home, but generally no more frequently than once every two years. To be eligible for this exclusion, your home must have been owned by you and used as your main home for a period of at least two out of the five years prior to its sale. You also must not have excluded gain on another home sold during the two years before the current sale.

If you and your spouse file a joint return for the year of the sale, you can exclude gain if either of you qualify for the exclusion. But both of you would have to meet the use test to claim the $500,000 maximum amount.

If you do not meet the ownership and use tests, you may be allowed to use a reduced maximum exclusion amount if you sold your home due to health, a change in place of employment or unforeseen circumstances. Unforeseen circumstances can include divorce or a disaster resulting in a casualty to your home, for example.

For more information, see Publication 523, Selling Your Home.

Reporting Your Change of Address

If you have a new address, notify the U.S. Postal Service, so it can forward any tax refunds or IRS correspondence. The Postal Service will also pass your new address on to the IRS, which will update your account. You may also notify the IRS directly by sending Form 8822, Change of Address. Or write to the IRS center where you filed your most recent return and provide your full name, old and new addresses, Social Security number and signature. Remember to let your employers know about any address changes so you'll receive your W-2s after the end of the year.

IRS publications and forms are available in the Forms and Publications section of the IRS Web site at *www.irs.gov* or by calling 1-800-TAX-FORM (1-800-829-3676).

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