

CANADIAN RELOCATION SYSTEMS, MOVING EXPENSE DEDUCTIONS

YOU MAY DEDUCT EXPENSES IF YOU MEET THE FOLLOWING CONDITIONS:

- You moved to start a job or a business, or you moved to attend full-time post-secondary courses at a university, college or other educational institution.
- Your new home is at least 40 kilometres closer to your new work place or school than your previous home. Use the "shortest normal route" available to the public to calculate distance.
- The move was from one place in Canada to another place in Canada. However, if you were a "factual resident" or a student who lives outside Canada, you may possibly qualify.
- You can only deduct expenses from income or scholarship earned at the new work/school location, not from employment insurance benefits or investment income.
- In calculating your deduction, you must subtract any moving grant, allowance or reimbursement you received from your employer or a government department from your eligible moving expenses.
- You must keep receipts in case CRA asks to see them later. The receipts are not filed, but must be retained by the taxpayer.

ELIGIBLE MOVING EXPENSES:

You can deduct reasonable amounts that you paid for moving yourself, your family and your household effects. Not all members of your household have to travel together or at the same time. :

- Travelling expenses from old residence to new residence (automobile expenses, meals, and accommodation).
- Transportation and storage costs for household effects (packing, hauling, in transit storage and insurance).
- Costs for up to 15 days for meals and temporary accommodation near either residence for you and the members of your household (you can choose to claim meal expenses using the simplified method;
- Cost of cancelling the lease for the old residence.
- Cost of selling the old residence (advertising, notarial or legal fees, real estate commissions and mortgage penalty when the mortgage is paid off before maturity.
- Cost of purchasing a new residence (legal fees, taxes paid for the transfer or registration of title) NOTE: You can only claim these costs if you or your spouse are selling or have sold your old residence.

- Moving expenses include mortgage interest, property taxes, insurance premiums and the costs associated with maintaining heat and power, in a vacant old residence. The allowable deduction is claimed on line 9 of form T1-M "Claim for Moving Expenses" (Link at bottom of this page) and is equal to the least actual amount of maintenance expenses or \$5000.
- You can also deduct the cost of revising legal documents to reflect the address change, replacing a drivers license or automobile permit and utility hookups and disconnections. Enter the sum of these amounts on line 8 of form T1-M "Claim for Moving Expenses". (Link at bottom of this page)

EMPLOYEES RELOCATING:

- Did you receive a reimbursement, or an allowance that is not included in your income, for eligible moving expenses?
- If yes, you can only deduct moving expenses if you include the amount you received in your income or if you reduce your moving expenses by the amount reimbursed.
- You may be asked to provide a letter from your employer stating that you were not reimbursed for the moving expenses you are claiming.

FULL TIME STUDENTS MOVING:

- **You are a full-time student if:**
- you regularly attend a college, university, or other educational institution in a program at a post-secondary school level (whether in Canada or not); and
- you are taking, during a particular semester, at least 60% of the usual course load for the program in which you are enrolled.
- **You are not a full-time student if:**
- you are taking only a few courses in the evening;
- you are taking a correspondence course; or you are taking less than 60% of the usual course load for the program for the semester and you devote most of your time to earning money or to other activities.
- As a student, you can only deduct moving expenses if you move to study courses as a full-time student at a college, university, or other institution offering post-secondary education. However, you can only deduct these expenses from the part of your scholarships, fellowships, bursaries, certain prizes, and research grants required to be included in your income.
- If your eligible moving expenses are more than the scholarships, fellowships, bursaries, certain prizes, and research grants income you report for the year, you can deduct the unused part of those expenses from the same type of income you receive and report on your return for the following years.
- You can claim moving expenses that you incur at the beginning of each academic period when you move to the educational institution, as long as you meet the 40-kilometre limitation and have income earned in the new location. You can also claim moving expenses when you move back after a summer break, or a work semester if you have income earned at the new location.

EXPENSES THAT ARE NOT DEDUCTIBLE ARE:

- Loss on the sale of your previous home
- Cost of work done to your former residence to make it more saleable
- Expenses for house-hunting trips (HHT) before your move
- any loss from the sale of your home;
- the value of items movers refused to take, such as plants, frozen food, ammunition, paint, and cleaning products;
- expenses to clean or repair a rented residence to meet the landlord's standards;
- expenses to replace personal-use items such as toolsheds, firewood, drapes, and carpets;
- mail-forwarding costs (such as with Canada Post);
- costs of transformers or adaptors for household appliances; and costs incurred in the sale of your old home if you delayed selling for investment purposes or until the real estate market improved.
- Generally, you cannot deduct the cost of moving a mobile home. However, if you have personal effects in a mobile home when it is moved, you can deduct the amount it would have cost to move those personal effects separately.

"Moving Expenses" T-1M Claim Form:

<http://www.cra-arc.gc.ca/E/pbg/tf/t1-m/README.html>

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