

# (Oops, just a little too late) IRS clarifies moving expense reporting on W-2s

Better late than never works in many situations, but not for W-2s. Exactly one week after you filed your W-2s with the Social Security Administration, the IRS clarified that employers' moving expense reimbursements didn't need to be reported on employees' W-2s in Box 12, with Code P.

## How did we get here?

The Tax Cuts and Jobs Act, enacted in late 2017 and effective Jan. 1, 2018, suspends tax-free employer reimbursements of employees' qualified moving expenses through 2025. But that left employers and employees with a surprise tax liability, if employees moved in late 2017, but weren't scheduled to be reimbursed by their employers until 2018.

The IRS later provided some [transition relief](#) that let only those reimbursements remain tax-free.

The issue was always whether those reimbursements had to be reported on employees' W-2s, in Box 12, with Code P. This reporting had been required before the TCJA. After the TCJA, Code P reporting is required for moves made by military personnel.

Despite pleas from stakeholders, the IRS never addressed this issue, so employers were left to fend for themselves. Most analysts assumed that Code P reporting would be required, because it made logical sense. That, of course, assumes that the IRS always acts logically.

## What you need to do now

[FAQs](#), which the IRS released Feb. 7 on its website, clarify that Code P isn't required for direct reimbursements to employees for their qualified moving expenses or for reimbursements made to third parties, such as moving companies.

The IRS, again, however, didn't round all the bases. There is no information about what you're supposed to do now if you used Code P on an employee's 2018 W-2 or how the IRS will handle W-2s if you filed W-2s with Code P reporting.

Considering the lack of official guidance, it's recommended that you file Form W-2c with the SSA to correct your reporting of this information. Box 12 on the W-2c should be blank. You must also provide your employee with a copy of the W-2c as soon as possible.

It's probably also a good idea to prepare a memo that your employee can provide to his or her accountant.