TEMPLATE FOR SERVICE PROVIDER MEMBERS TO SUBMIT LETTER TO HOUSE WAYS AND MEANS REPUBLICAN CAUCUS – MOVING TAX DEDUCTION

Republican members of the U.S. House of Representatives Ways and Means Committee are soliciting public input on tax priorities as Congress considers the future of various provisions associated with the Tax Cuts and Jobs Act of 2017 (TCJA). More information about the Republican Ways and Means Republic Tax Teams request can be found here.

The upcoming TCJA debate, expected to occur next year, will include the future of the Moving Tax Expense deduction, whose suspension under the TCJA is set to expire at the end of 2025. Congress must hear from across our industry the impact that not having the moving deduction since 2017 has had on the 350,000+ U.S. workers that move within the country for employment purposes each year and their employers.

WERC, in conjunction with other industry associations such as the American Trucking Association (ATA) and International Association of Movers (IAM), will be submitting comments to the Ways and Means Republic caucus on behalf of our industry, but organizations involved with talent mobility are also strongly encouraged to submit their own comment letter during the public comment period. A template letter that members can utilize, along with submission instructions, can be found below.

Questions?
Contact Mike Jackson, WERC's Vice President of Public Policy and Research.

Submission Date:
Individuals and/or organizations submitting comments should submit comments no later than **October 15, 2024.**

Submission Instructions:

- Any person(s) or organization(s) wishing to submit comments may e-mail **RepublicanTaxTeams@mail.house.gov**.
- In the subject line or body of the e-mail, please indicate: "Tax Teams Comment on [name of relevant Tax Team(s)]."
- Please attach the written submission as a Word document.
- In the attachment or body of the e-mail, please include a contact name, address, phone number, and e-mail address.

Letter Template:

Email to send to: **RepublicanTaxTeams@mail.house.gov**.

Subject Line of Email: Tax Team Comments on Working Families, American Workforce, Supply Chains, and Global Competitiveness

Text of letter to attach to email:

October 15, 2024

The Honorable Jason Smith
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Mike Kelly
Chairman
Subcommittee on Tax
U.S. House of Representatives
Washington, DC 20515

RE: Tax Team Comments on Working Families, American Workforce, Supply Chains, and Global Competitiveness

Dear Chairmen Smith and Kelly,

Our organization strongly supports the reinstatement of the moving expenses tax deduction and exclusion. This important tax deduction and exclusion will again provide critical tax relief for middle class workers and families as well as the businesses like ours that support the relocation of employees around the country and world and which are vital to the U.S. economy and local communities across the United States.

[Provide details about your organization including the nature of your business, total number of employees (U.S. and globally) and the states in which your organization operates]

The moving expense deduction was first established by the Congress in 1964 and enjoyed bipartisan support. The deduction is estimated to have provided approximately $1 billion in tax relief each year to U.S. taxpayers and businesses. The relief is significant to those individuals, families and businesses involved in a relocation but a small price to help reduce the costs of attracting workers to relocate for a job in order to improve efficiencies for businesses and help fuel the U.S. economy.

The U.S. employers we support rely heavily on their ability to have a mobile workforce in which employees can relocate as necessary to meet the evolving needs of our organization. The cost, however, for an employee to relocate to a position for which they may be uniquely suited can be a deterrent – even with the financial assistance from their employer. The moving tax deduction makes the move less costly for the employee as well as for the employing company and addresses the issue of the company having to gross up the amount paid to the employee when they cover the additional tax of the moving benefit.

[Provide details, as appropriate and applicable, of the number of employees your organization relocates each year. Also include what the financial cost of the loss of the moving tax

deduction has meant for your client organizations and how the current loss plays negatively into decisions on relocating employees}.

In its last form, the deduction was already limited as to eligible costs, and subject to stringent tests that limit its use to those employees moving substantial distances for legitimate business reasons. Specifically, it could only be claimed on an individual's (or an employer's) costs to move more than 50 miles for a full-time job. For over a half century, Congress had maintained its support of this permanent deduction because it incentivizes beneficial behavior – finding work!

As part of the Tax Cuts and Jobs Act 2017, the moving expense deduction, and the exclusion from income of moving expense payments by employers to move their employees, were suspended through December 31, 2025. The deduction and exclusion together make up a vital tax relief tool that makes relocation for work more affordable and supports worker mobility - the lynchpin of a strong economy.

Prior to its suspension, the deduction was critically important for middle- and working-class employees and their families. In 2017, 72% of U.S. taxpayers who claimed the moving deduction earned $100,000 or less, with 42 percent of all taxpayers claiming it reflecting income of less than $50,000. Only 5 percent of taxpayers claiming the deduction earned over $200,000.

Over the last seven years, the suspension of the moving deduction has resulted in unintended consequences that have hurt the American workers and their families that must move for employment purposes. These include:

> **Inflated Taxable Income Levels:** By having to treat moving-related benefits provided by the company as part of an employer-sponsored relocation as taxable income, the moving employee faces a much higher tax burden solely because they are moving for employment purposes. While most companies do provide their relocating employees additional financial support to help offset their potential tax impacts, this still results in individuals reflecting elevated income on their tax returns.
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> **Unintended taxpayer ineligibility for income-related tax relief opportunities, notably the child tax credit**. The elevated taxable income can result in a U.S. worker becoming ineligible for critical tax relief mechanisms, such as the child tax credit, that they would have otherwise qualified for if the employment-related moving expenses didn't increase the amount and push their taxable income past the point of eligibility.

By reinstating the moving tax expense deduction, Congress will again provide middle class workers and families as well as the businesses that relocate their employees with critical tax relief and help offset the cost of individuals and entire families relocating for work.

Thank you for your consideration of our comments.

Sincerely,

[Your Name]
[Organization Name]
[Address]