

## Background

Under the Tax Cuts and Jobs Act (TCJA), moving expenses and relocation payments paid by an employer on and after January 1, 2018, can be excluded from an employee's income *only* when the employee is a member of the U.S. Armed Forces who moves per a military order and incident to a permanent change of station. Previously, an employer could reimburse all employees for many types of moving expenses and not treat the reimbursement as taxable income to the employee.

The Department of Defense (DOD) paid moving expenses for some civilian employees in 2018 that were not reported on the Forms W-2, Wage and Tax Statement, issued earlier this year. Defense Finance and Accounting Services (DFAS) is going to issue Forms W-2C, Corrected Wage and Tax Statement, for tax year 2018 to include the payments as additional income. This additional income needs to be reported on a tax return.

## What actions should taxpayers take when they receive Form W-2C?

- File a tax return or amend your tax return
- Pay any additional amount due
- Address any penalties
- Plan for next year

## Filing

- **Taxpayers who have not filed Form 1040 for tax year 2018**

These individuals should prepare their tax returns using the Form W-2C rather than the original Form W-2 received from DFAS.

- **Taxpayers who previously filed Form 1040 for tax year 2018**

These individuals should file a [Form 1040-X](#), Amended U.S. Individual Income Tax Return, to report the additional income shown on the Form W-2C.

Tax preparation software can be used to prepare Form 1040-X, though the Form 1040-X cannot be filed electronically. Taxpayers should indicate the year of the original return and explain all changes made by attaching any forms or schedules. Taxpayers then sign and mail the Form 1040-X to the address listed in the [instructions](#).

Taxpayers can track the status of their amended tax return in English and Spanish using [Where's My Amended Return?](#)

## Payment options

If taxpayers owe tax due to the extra income, the easiest way to pay is to visit [Direct Pay](#) on [IRS.gov](#). Taxpayers can also use their [debit/credit card](#) for a small fee or they can always mail a [check or money order](#). Visit [IRS.gov/payments](#) for more information.

If taxpayers are unable to pay all at once, they should pay as much as they can now and make arrangements to pay over an extended time by [applying for a payment plan](#) on [IRS.gov](#) or filing [Form 9465](#), Installment Agreement Request, with their tax return or amended return.

## Penalties and interest

Taxpayers may receive a letter from the IRS after their tax return is processed notifying them that the IRS calculated penalties for underpaying the amount of tax owed as well as interest on the unpaid amount.

Taxpayers may qualify for relief from some penalties if they tried to comply with the requirements of the law but weren't able to meet their tax obligations. The IRS will consider any sound reason for failing to file a tax return, make a deposit or pay tax when due. To request penalty relief, call toll-free 833-295-5070 Ext. 287 or mail the request to: IRS 5045 East Butler Ave Stop AY001 Fresno, CA 93727. Notate "W-2C Penalty Relief" at the top of the written request. The request should include the information shown below:

- What happened and when did it happen?
- What facts and circumstances prevented you from filing your return or paying your tax during the period of time you did not file and/or pay your taxes timely?
- How did the facts and circumstances affect your ability to file and/or pay your taxes or perform your other day-to-day responsibilities?
- Once the facts and circumstances changed, what actions did you take to file and/or pay your taxes?

See [penalty relief](#) for more information.

Though interest cannot be abated except in rare circumstances where an IRS employee is the cause of the error or delay (which is not the case here), the IRS will automatically reduce the interest related to penalties if any of the penalties are reduced. See the [interest overview](#) page for additional interest information.

## Links

- Form 1040-X and instructions: [IRS.gov/Form1040X](https://www.irs.gov/Form1040X)
- Where's My Amended Return? [IRS.gov/filing/WMAR](https://www.irs.gov/filing/WMAR)
- Payments: [IRS.gov/payments](https://www.irs.gov/payments)
  - Direct Pay: [IRS.gov/payments/direct-pay](https://www.irs.gov/payments/direct-pay)
  - Debit or credit card: [IRS.gov/payments/pay-taxes-by-credit-or-debit-card](https://www.irs.gov/payments/pay-taxes-by-credit-or-debit-card)
  - Check or money order: [IRS.gov/payments/pay-by-check-or-money-order](https://www.irs.gov/payments/pay-by-check-or-money-order)
  - Applying for a payment plan: [IRS.gov/OPA](https://www.irs.gov/OPA)
- Form 9465: [IRS.gov/Form9465](https://www.irs.gov/Form9465)
- Penalty relief: [IRS.gov/penalty-relief](https://www.irs.gov/penalty-relief)
- Paycheck Checkup: [IRS.gov/paycheck-checkup](https://www.irs.gov/paycheck-checkup)
- Withholding Estimator: [IRS.gov/W4app](https://www.irs.gov/W4app)
- Form W-4: [IRS.gov/FormW4](https://www.irs.gov/FormW4)
- Estimated tax payments: [IRS.gov/estimatedtaxes](https://www.irs.gov/estimatedtaxes)