

Moving Household Goods is Taxing!

As a result of the recent Tax Cuts and Jobs Act, moving expenses are now taxable. This includes household goods shipping, final move airfare, temporary living expenses, and U.S. Storage costs. and impacts all temporary moves:

International Moves

Domestic Moves

These changes provide an opportunity to reconsider your approach to moving household goods for temporary assignments.

What is best for your assignees and your organization?



Let's consider the options from the perspective of an assignee outbound from the U.S. with a salary of USD \$150,000 and a family size of 2 on a three year assignment...

1

Household Goods Shipment



For this option, the assignee will ship their household goods to the host location. The housing allowance assumes unfurnished accommodations.

Location	Unfurnished Housing Allowance	Shipping Costs (round trip)	Tax Gross-up on Shipping	Total Cost
Singapore	\$184,638	\$22,000	\$6,205	\$212,843
Zurich	\$161,748	\$20,000	\$5,641	\$187,389
New Delhi	\$97,614	\$22,000	\$6,205	\$125,819
Johannesburg	\$73,995	\$27,000	\$7,615	\$108,610
Mexico City	\$127,008	\$23,000	\$6,487	\$156,495

All costs listed in USD

2

Furniture Allowances



Furniture Allowance:

a statistical model of reasonable furniture costs, rather than a simple sum of individual item costs. This allows the budget to work across nationalities, preferences, and personal tastes!

The assignee is given an allowance to acquire the household goods they will need in the host location. The housing allowance assumes unfurnished accommodations.

Location	Unfurnished Housing Allowance	Furniture Allowance	Tax Gross-up on Furniture Allowance	Total Cost
Singapore	\$184,638	\$18,031	\$5,086	\$207,755
Zurich	\$161,748	\$15,008	\$4,233	\$180,989
New Delhi	\$97,614	\$12,115	\$3,417	\$113,146
Johannesburg	\$73,995	\$11,671	\$3,292	\$88,958
Mexico City	\$127,008	\$14,435	\$4,071	\$145,514

All costs listed in USD

Assignees may be responsible for sourcing their own furniture on assignment if they are not provided shipping assistance or renting fully furnished units. As tastes, needs, and budgets vary from one assignee to another, many companies opt for the simplicity of providing an allowance to cover these costs.

Also, an allowance can be an effective way to handle costs for specific items such as appliances that an assignee will need in the host location.

Questions to consider:

COST

What's the breakeven between shipping and furnishing allowances?

ADMINISTRATION

What is required to ship goods, return shipments and deal with damages?

TAX PLANNING

- All moving expenses are now taxable
- Leverage foreign housing exclusion

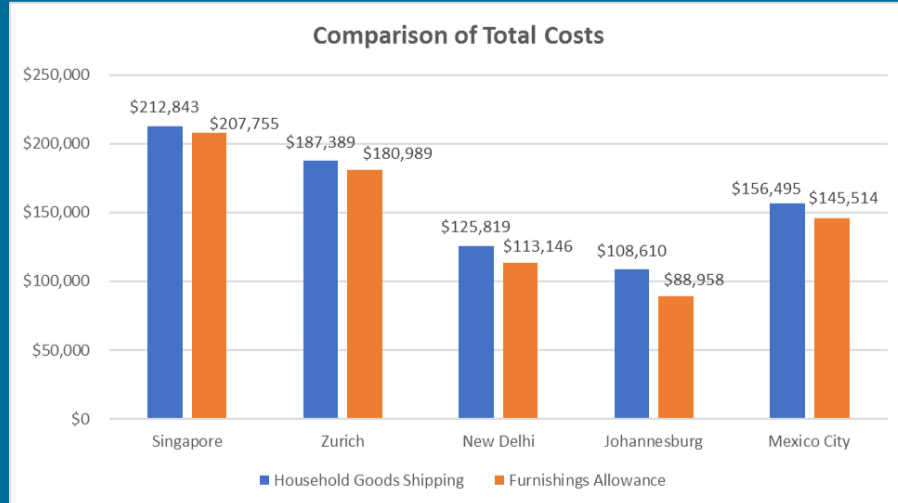
ASSIGNMENT SUCCESS

What value will your employees place on having their personal items while on assignment?

\$1M+ opportunity to save and simplify*

We encourage you to review your existing policies and what is included.

Providing a furnishing allowance may save money and be easier for your assignees...



* Savings for a mobility program with 100 assignees with average savings of \$10,959 per assignee

We can help!

AIRINC offers Furniture Allowance data and a lump sum tool to use to determine the appropriate allowance based upon assignee parameters.

Contact AIRINC Today
www.air-inc.com

