

# DEDUCTING JOB SEARCH EXPENSES

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Excerpts from IRS Publication 529 "Miscellaneous Deductions" (for 2008 returns)

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## **DEDUCTIONS SUBJECT TO THE 2% LIMIT**

You can deduct certain expenses as miscellaneous itemized deductions on Schedule A (Form 1040 or Form 1040NR). You can claim the amount of expenses that is more than 2% of your adjusted gross income. You figure your deduction on Schedule A by subtracting 2% of your adjusted gross income from the total amount of these expenses. Your adjusted gross income is the amount on Form 1040, line 38, or Form 1040NR, line 36.

Generally, you apply the 2% limit after you apply any other deduction limit.

## **JOB SEARCH EXPENSES**

You can deduct certain expenses you have in looking for a new job in your present occupation, even if you do not get a new job. You cannot deduct these expenses if:

- You are looking for a job in a new occupation
- There was a substantial break between the ending of your last job and your looking for a new one
- You are looking for a job for the first time.

## **EMPLOYMENT AND OUTPLACEMENT AGENCY FEES**

You can deduct employment and outplacement agency fees you pay in looking for a new job in your present occupation.

## **EMPLOYER PAYS YOU BACK**

If, in a later year, your employer pays you back for employment agency fees, you must include the amount you receive in your gross income up to the amount of your tax benefit in the earlier year. (See "Recoveries" in Publication 525).

## **EMPLOYER PAYS THE EMPLOYMENT AGENCY**

If your employer pays the fees directly to the employment agency and you are not responsible for them, you do not include them in your gross income.

## **RÉSUMÉ**

You can deduct amounts you spend for preparing and mailing copies of a résumé to prospective employers if you are looking for a new job in your present occupation.

## **TRAVEL AND TRANSPORTATION EXPENSES**

If you travel to an area and, while there, you look for a new job in your present occupation, you may be able to deduct travel expenses to and from the area. You can deduct the travel expenses if the trip is primarily to look for a new job. The amount of time you spend on personal activity compared to the amount of time you spend in looking for work is important in determining whether the trip is primarily personal or is primarily to look for a new job.

Even if you cannot deduct the travel expenses to and from an area, you can deduct the expenses of looking for a new job in your present occupation while in the area.

You can choose to use the standard mileage rate to figure your car expenses. The 2008 rate for business use of a vehicle is 50½ cents per mile (58½ cents per mile after June 30, 2008). See Publication 463 for more information on travel and car expenses.