

Tax Tips for Job Seekers

Job seekers may be able to deduct some of the expenses incurred in searching for work. In order to qualify, expenses must be related to search for employment in the taxpayer's current occupation.

Tips for job seekers. Following are some tax tips for taxpayers seeking employment.

- Taxpayers can deduct employment and outplacement agency fees paid while looking for a job in the taxpayer's current occupation. If an employer pays the taxpayer back in a later year for employment agency fees, the taxpayer must include the amount received from the employer in gross income, up to the amount deducted in the earlier year.
- Amounts spent for preparing and mailing copies of resumes to prospective employers are deductible as long as the taxpayer is looking for a job in his or her current occupation.
- Travel expenses to another location in search of a job in the taxpayer's current occupation are deductible if the primary purpose of the travel is to look for a new job.

Taxpayers should keep receipts for expenses and documentation of travel to substantiate job search expenses. Qualifying expenses are taken as a miscellaneous itemized deduction on Schedule A (Form 1040), *Itemized Deductions*, subject to the 2% AGI limitation.

Nondeductible expenses. Taxpayers cannot deduct job search expenses if there is a substantial break between the end of the last job and the time the taxpayer begins looking for a new job. Also, expenses for taxpayers searching for a job for the first time are not deductible.