



University of Colorado

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## EMPLOYEE SERVICES

Published on *University of Colorado* (<http://www.cu.edu>)

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# Moving (Relocation)

The university may provide reimbursement for moving expenses to eligible employees. To ensure compliance with IRS guidelines, departments must inform eligible employees of the reimbursement amount, and of university and campus procedures.

Find more information through the [IRS' Publication 521, Moving Expenses](#) [1].

## Methods of Payment for Employee Moving Expenses

Employees are reimbursed for some personal moving expenses, either directly through the payroll process (time collection) or indirectly by payment to a third party (moving company) through accounts payable. Only those expenses that qualify as eligible can be reimbursed. Amounts paid to third parties through accounts payable for direct expenses of moving employees are not reported on the employee's W-2 (e.g., direct payments to a moving company paid by the Procurement Service Center, via Accounts Payable).

## Reimbursement of Employee Moving Expenses Directly via the Payroll Process

For amounts reimbursed to employees directly through the payroll process, itemized original receipts (no credit card slips) must be submitted and retained at the departmental level to establish proper substantiation of moving expenses. **For tax purposes, if an employee fails to properly substantiate moving expenses, the entire reimbursement will become taxable to employees as wages, subject to applicable payroll taxes and withholding.**

## Taxation of Direct Expenses of Moving

With proper substantiation, amounts paid for the direct expenses of moving, including expenses to pack, crate, and move household goods, and personal effects are non-taxable. This could include amounts paid to store and insure household goods and personal effects within any period of 30 consecutive days after the items were moved from the old home, and before they were delivered to the new home.

Employees may be reimbursed for direct moving expenses that are taxable as wages to employees, and subject to applicable payroll taxes and withholding. For example, if storage costs for more than 30 consecutive days after moving are paid in conjunction with a move, only storage costs for 30 days are excludable for tax purposes. Reimbursements for any additional days in storage are taxable to employees as wages, and subject to applicable

payroll taxes and withholding.

## Taxation of Travel Expenses for Moving

With proper substantiation, some amounts paid to travel from the old home to the new home--including travel costs for the day of arrival--are excludable from taxable income. Although not all the members of the household have to travel together or at the same time, only one trip per person can be excluded. Excludable expenses include lodging on the way from the old to the new home, and transportation expenses measured by either:

1. actual out-of-pocket expenses for gas and oil, or
2. mileage at the rate of 20 cents per mile.

Parking fees and tolls can be added to the amount claimed for transportation under either method.

Campus policies and procedures may allow reimbursement for travel expenses in conjunction with moving that are taxable to employees as wages, subject to applicable payroll taxes and withholding. Some examples of these expenses include reimbursements for employees' closing costs in conjunction with the sale of the old home (not a permitted reimbursement at CU Denver or CU Anschutz), temporary living expenses in conjunction with the move, house-hunting trips, and meals in transit.

Additionally, mileage may be reimbursed to employees in the amount allowed at the time of the move by the state fiscal rules.

The [Moving Reimbursement Expense worksheets](#) <sup>[2]</sup> were developed to help differentiate between taxable and nontaxable moving expenses. These will help you appropriately report and document your moving expense receipts.

For more information about university relocation procedures see [IRS Moving \(Relocation\) ? Form 3903](#) <sup>[3]</sup> and the [Moving \(Relocation\) ? Temporary Housing](#) <sup>[4]</sup> page.

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# Moving (Relocation) - Temporary Housing

## Temporary Housing

Reimbursements to employees for temporary housing/living expenses related to a move are considered taxable income.

Taxes are withheld at the supplemental tax rate of 25 percent for federal and 4.63 percent for state. Housing/living expense reimbursements are subject to Medicare tax and OASDI (if applicable), but are not subject to mandatory or supplemental retirement deductions.

For more information, see [Moving \(Relocation\)](#) [5] and view the [IRS Moving \(Relocation\) ? Form 3903](#) [6].

**Note:** Reimbursement for housing expenses related to relocation should not be confused with Housing Allowance, which is an ongoing payment unrelated to a move.

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## Moving Expenses Worksheets

Please use the following spreadsheets to document and report pre-move house-hunting taxable expenses, taxable moving expenses and non-taxable moving expenses.

For additional assistance, contact your payroll liaison or campus HR office.

***Please do not submit these forms to Employee Services.***

### Files:

-  [Pre-Move House-Hunting Taxable Expenses Worksheet](#)[7]
-  [2017 Non-Taxable Moving Expenses Worksheet](#)[8]
-  [2017 Taxable Moving Expenses Worksheet](#)[9]
-  [2016 Non-Taxable Moving Expenses Worksheet](#)[10]
-  [2016 Taxable Moving Expenses Worksheet](#)[11]

## Moving Expenses Form - IRS Form 3903

Employees may use this form to determine whether or not they can claim additional moving expense deductions when filing their income tax return. Form 3903 summarizes the total cost for transportation, storage and lodging minus the amount reimbursed from the employer. This amount may be used as an additional income tax deduction. To determine whether or not they can claim an additional moving expense deduction, the employee should contact the Internal Revenue Service or their tax advisor.

Find the latest information about developments related to Form 3903 and its instructions [12], such as legislation enacted after they were published.

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**Source URL:** <http://www.cu.edu/employee-services/moving-relocation>

### Links:

- [1] <https://www.irs.gov/pub/irs-pdf/p521.pdf>
- [2] <http://www.cu.edu/employee-services/policies/moving-expenses-worksheets>
- [3] <https://www.irs.gov/pub/irs-pdf/fw9.pdf>
- [4] <http://www.cu.edu/employee-services/moving-relocation-temporary-housing>

- [5] <http://www.cu.edu/employee-services/moving-relocation>
- [6] <https://www.irs.gov/pub/irs-pdf/f3903.pdf>
- [7] [http://www.cu.edu/sites/default/files/policies/970-moving-expenses-worksheets/files/copy-premove-house-hunting-mva\\_0.xls](http://www.cu.edu/sites/default/files/policies/970-moving-expenses-worksheets/files/copy-premove-house-hunting-mva_0.xls)
- [8] [http://www.cu.edu/sites/default/files/policies/970-moving-expenses-worksheets/files/copy-movingexpensenontaxable-mvn2017\\_0.xls](http://www.cu.edu/sites/default/files/policies/970-moving-expenses-worksheets/files/copy-movingexpensenontaxable-mvn2017_0.xls)
- [9] [http://www.cu.edu/sites/default/files/policies/970-moving-expenses-worksheets/files/copy-movingexpensetaxable-mvt2017\\_0.xls](http://www.cu.edu/sites/default/files/policies/970-moving-expenses-worksheets/files/copy-movingexpensetaxable-mvt2017_0.xls)
- [10] <http://www.cu.edu/sites/default/files/policies/970-moving-expenses-worksheets/files/non-taxable-moving-expenses-2016.xls>
- [11] <http://www.cu.edu/sites/default/files/policies/970-moving-expenses-worksheets/files/taxable-moving-expenses-2016.xls>
- [12] <https://www.irs.gov/forms-pubs/about-form-3903>