Moving (Relocation)

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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 [2] were developed to help differentiate between taxable and nontaxable moving expenses. These will help you appropriately report and document your moving expense receipts.

Coding and Processing the Additional Pay Form

Once a department has determined the tax character of the expenses, staff can pay moving expenses through the HRMS via the Additional Pay Form [3] using either the 'MVT' - Taxable earnings code or 'MVN' (Moving - Non-Taxable) earnings code. Additional pay forms must be routed for off-line campus approval before entering the payment data into the HRMS.

Payment Through the HRMS Payroll Process

Once approved at the campus level, the actual payment is entered in the HRMS Time Collection, EE Data - One-Time Payment page. See the appropriate Step-by-Step Guide [4] (Time Collection > Entering a One Time Payment) for assistance.

The amounts are entered in the HRMS Time Collection using a One-Time Payment Batch, and are paid on the employee?s next regularly scheduled payday. Federal supplemental withholding of 25 percent and state supplemental withholding of 4.63 percent will be automatically taken from MVT payments. Also, employees subject to Medicare tax and/or OASDI (FICA - Social Security) will have these amounts deducted from MVT moving expense payments. MVT is not subject to employee deductions or employer contributions for any retirement plans.

Note: To successfully process moving expense reimbursements in Time Collection, the employee?s appointment must first be entered and approved in the HRMS, and it must be current and active.

For more information about University relocation procedures see IRS Moving (Relocation) ? Form 3903 [5]and the Moving (Relocation) ? Temporary Housing [6]page.

Source URL: http://www.cu.edu/employee-services/business-partners-ppldrl/business-partner-resources/employee-services-procedures-4

Links:
[1] http://www.irs.gov/pub/irs-pdf/p521.pdf
[2] http://www.cu.edu/sites/default/files/policies/970-moving-expenses-worksheets/files/moving-expenses-worksheets-2014.xls
[3] http://www.cu.edu/sites/default/files/policies/docs/additional-pay.pdf
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