Human Capital Management: Step-by-Step Guide

# Moving Expenses

Moving expenses for employees paid by the university may include a lump sum moving allowance, reimbursements paid for actual moving costs, and/or university pre-paid moving expenses paid on behalf of the employee (i.e., moving company or another vendor). The Moving Expense Worksheet aids in documenting these expenses and approvals. All moving expenses are taxable, and in order to tax the employee appropriately, they must be included in an employee paycheck. This guide describes the process to include moving expenses (pre-approved by the campus/unit) with the employee paycheck processed by ES Payroll.

## Direct Payments to Moving Companies

All payments made on behalf of the employee to moving companies are considered taxable income. In order to tax appropriately, this must be added to an oncycle paycheck.

* All university pre-paid moving payments such as purchase orders (PO) and any procurement card (P Card) transactions are pre-paid through the Procurement Service Center (PSC)on behalf of the employee. When creating a PO through the CU Marketplace, departments enter the last name and employee ID of the person being moved in the description of the PO request.  If an employee ID has not yet been assigned, the first and last name is sufficient.  (The department ID and the request name are separate fields and are required.) Similarly, for P Card transactions, use the comments field to document the employee’s information.)
* Department will enter all payments made by the PSC (both purchase orders and P Cards) in CU Time in the **ONCYCLE** with the earnings code MVA**.** Refer to Moving Expense Worksheet for total.
* **If an entry is made in the OFFCYCLE, there will be no earnings to tax the employee and therefore will owe the IRS the tax when he/she files their annual tax return.**
* Department email the completed [Moving Expense Worksheet](https://www.cu.edu/docs/moving-expense-worksheets) packet to HCM\_Community@cu.edu when MVA entries are processed through CU Time.
* ES will reconcile reports from the PSC with CU Time entries.

**Please Note:  Payments made directly to moving companies (MVA) will be taxed at the W-4 rate rather**

**than the supplemental rate.**

## Taxing an Employee Over Multiple Paychecks

Taxation on moving expenses paid directly to a company through a P Card or Purchase order can be taxed to the employee over multiple paychecks within the same tax year. The earnings code for all direct payments, MVA, taxes at the W-4 rate. This is an available option and is not required.

## Taxing an Employee Over Multiple Paychecks, cont.

Example, the total of an MVA = $30,000. The department wishes to spread the taxes over three paychecks.

* The payroll liaison enters three entries in CU Time on the same day.
	+ MVA $10,000 10/1 -10/31
	+ MVA $10,000 11/01 – 11/30
	+ MVA $10,000 12/01 – 12/31

**The Offcycle box is unchecked for each entry**.

The system will pick up each entry and process with the appropriate **oncycle** as they occur as long as the employee is active and in paying status for each of the earnings dates entered.

**Please note: All entries must be entered in the same tax year.**

## Providing a Lump Payment Moving Allowance to the Employee

All moving allowances are taxable and need to be added to the employee’s taxable earnings as additional pay.

* Complete the Additional Pay form according to campus business process.
* Departments enter the earnings code MVT in CU Time with the amount of the flat moving allowance. Refer to Moving Expense Worksheet for total.
* The moving allowance (MVT) will be taxed at the supplemental tax rate.

## Reimbursing an Employee for Actual Costs of Moving Expenses

All moving reimbursements are taxable and need to be added to the employee’s taxable earnings as additional pay.

* Complete the Additional Pay form according to campus business process.
* Departments will enter the earnings code MVT in CU Time with the amount of the reimbursement which will be taxed at the supplemental tax rate. Refer to Moving Expense Worksheet for total.

## Forms

[Moving Expense Worksheet](https://www.cu.edu/docs/moving-expense-worksheets)

[Additional Pay Form](https://www.cu.edu/sites/default/files/policies/924-additional-pay/files/additional-pay-extended-11-10-2014.pdf)