

(Policy 2.1.26 – Relocation Expenses)

1. Relocation expenses may be funded through (a) reimbursement of expenses -**OR**- (b) a relocation allowance. In addition to options (a) and (b), the university may make direct payment to a commercial moving company.
2. Consider the following when presenting the allowable options to the relocating individual:

**Direct Payment to a Commercial Moving Company:**

- UC can directly pay expenses to a moving company; this is encouraged but not required. (See [Variant Expense Table](#) for moving companies under contract and for additional information on obtaining estimates).
- This option may also be used in addition to either *Reimbursement of Expenses* or a *Relocation Allowance*.

**Reimbursement of Expenses:**

- Payment to the individual will be *after* the move and when the employee is eligible to be paid.
- The individual must provide the business office with all applicable *receipts*.
- The business office must review receipts to determine which expenses are qualified (non-taxable) reimbursable and which are non-qualified (taxable) reimbursable.
- Once a PCR is processed by the business office, reimbursement will be included with pay in the next payroll cycle (subject to payroll production deadlines).
- In addition to reimbursement of expenses, UC can directly pay expenses to a moving company. (See [Variant Expense Table](#) for moving companies under contract and for additional information on obtaining estimates).

**Relocation Allowance:**

- A relocation allowance is in lieu of reimbursement of expenses not in addition to. UC will not allow personal reimbursement of expenses when using a relocation allowance.
- The individual receives the agreed upon amount *ahead of time* in the form of a check or direct deposit (electronic funds transfer [EFT]).
- There are no restrictions on the use of a relocation allowance; the individual can use the monies for any expense.
- The entire amount requested is issued in the check or deposit and the entire amount is considered taxable wages.
  - UC withholds all applicable taxes **from the first pay**.
  - The relocation allowance will show on the pay statement as 0THS (Taxable Housing).
  - The individual is responsible for determining the deductibility of any qualified expenses when filing their taxes.
- In addition to the relocation allowance, UC can directly pay expenses to a moving company. (See [Variant Expense Table](#) for moving companies under contract and for additional information on obtaining estimates).

3. Some additional tips when considering the **Relocation Allowance** option:

- To reduce the impact of the tax withholding from the first pay
  - The use of direct payment (through a PO) to a commercial moving company – especially if the amount of the Relocation Allowance is substantial - should be strongly encouraged.
  - Ask Payroll to provide an estimate of what the individual's first pay statement will be (to show the consequences of the tax withholding for the relocation allowance).
  - Make sure the individual understands that the **entire** relocation allowance is considered taxable wages and that the first pay statement will reflect withholding of taxes for the allowance (which could significantly reduce the net amount on that first pay statement).
- Provide information on qualified and non-qualified deductible expenses to the individual as reference (see [Tax Compliance](#) Web page).
- If the relocation allowance will be a direct deposit through electronic funds transfer (EFT) rather than a check
  - The individual must provide banking information for the relocation allowance.
  - Once the individual is in the UC payroll system, banking information must still be provided **in ESS** for direct deposit of pay.