


Relocation Expenses

Policy 2.1.26

January 1, 2018

The Relocation Expenses policy is being updated to reflect changes to the taxability of reimbursements per the 2018 Federal Tax Cuts and Jobs Act. Moving expense reimbursements are now fully taxable to recipients.

 <p>Category: Financial</p> <p>Policy applicable for: Faculty/Staff</p>	<p><i>Policy Title:</i> Relocation Expenses</p> <p>Effective Date: 03/11/2011</p> <p>Prior Effective Date: 04/05/2010</p> <p>Enabling Act(s): University Rule 10-05-04 IRS Regulations</p>	<p><i>Policy Number:</i> 2.1.26</p> <p>Policy Owner: Sr. VP for Administration and Finance</p> <p>Responsible Office(s): Accounts Payable Payroll Purchasing Tax Compliance Treasurer</p>
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Background

Since the University of Cincinnati recruits for talented faculty and staff positions nationally and internationally, employment offers may result in relocation for a new hire. This policy describes options available to assist in business-related relocation (moving) expenses in accordance with IRS regulations.

Policy

Organizational units may provide funding for relocation expenses to newly hired faculty and staff or to current employees when relocation is business-related. While the total amount provided is not specifically limited, an organizational unit should base such an amount on budgetary and market considerations. The organizational unit is encouraged to document the agreed upon amount or expenses to be provided.

Organizational unit funding for relocation expenses may occur in one of the following ways:

- Reimbursement of Expenses
- Relocation Allowance

In addition to one of the above options, the university may make direct payment to a commercial moving company.

Reimbursement of Expenses: Guidelines and Procedures

Reimbursement of allowable expenses paid by the relocating employee must be processed through Payroll Operations. Following a review of all applicable receipts, the organizational unit submits, via UC Flex, a Personnel Change Request (PCR) using the appropriate relocation expense wage types. (See wage types below.) Payment occurs on the next payroll cycle subject to published payroll production deadlines, although no payment is permitted prior to the effective date of employment.

To be considered a non-taxable (qualified) reimbursement, the relocation must meet “time and distance” tests as outlined on the Tax Compliance Web site (see Related Links). If the time and distance tests are not met, all reimbursements are taxable and subject to withholding (non-qualified).

Qualified reimbursable expenses (non-taxable):

- Payments to a commercial moving company
- Charges for packing, crating, and shipping household goods and personal effects, including vehicles not used in the move
- The cost of shipping pets
- The cost of packing supplies
- Insurance on such items as furniture and clothing
- Truck rental for self-moving
- In-transit storage for up to 30 consecutive days
- Travel and lodging expenses for a single trip from the old residence to the new residence for the employee and family members, which may include:
 - Actual cost of gas, tolls, and parking, based on original itemized receipts, or the current mileage rate for moving, as set periodically by the IRS
 - Lodging while in transit
 - Air fare (coach only) and related ground transportation

Non-qualified reimbursable expenses (taxable and subject to withholding):

- Travel and lodging expenses incurred during additional trips between the old residence and the new residence
- Expenses for meals at any point in the relocation process
- House hunting expenses for one trip (not to exceed 5 days), including appropriate transportation, meals, and lodging
- Temporary housing expenses following relocation

Non-reimbursable expenses

Relocation related expenses that will **not** be reimbursed include:

- Storage (other than 30 days while in-transit)
- Meals and travel costs incurred by laborers
- Expenses incurred by persons not considered dependents for tax purposes
- Utility and telephone installation charges
- Loss of security deposits
- Real estate expenses
- Postage costs for realty and mortgage documents
- Personal communication or entertainment expenses
- Extraordinary items requiring special handling (e.g., boats)
- Bank fees for cashier's checks

Exceptions to non-reimbursable expenses require documented approval by the respective senior vice president, vice president or dean.

Relocation Allowances: Guidelines and Procedures

Organizational units may provide a relocation allowance in the form of a direct deposit or check to employees eligible for relocation benefits. A relocation allowance is in lieu

of all reimbursements to the employee but may be in addition to direct payment by the university to a commercial moving company. By establishing an agreed upon allowance prior to the relocation, an organizational unit maintains budget controls and provides funding to the employee in advance.

A relocation allowance has no restrictions placed on its use. The full amount provided is taxable income and deductibility of qualified moving expenses incurred is the responsibility of the employee taxpayer.

To obtain a relocation allowance in the form of a direct deposit or check, the requesting organizational unit completes the applicable online form and submits the form along with an A114 to the Accounts Payable Office. (See Related Links for form.)

Direct Payment to a Commercial Moving Company: Guidelines and Procedures

Direct payment by the university to a commercial moving company is encouraged, but not required, when such expenses will be incurred.

Use of one of the moving companies under contract with the university is required for direct payments except with prior written authorization of the Central Purchasing Department. (Link to the Variant Expense Rate Table below for more information on moving companies under contract and the steps for obtaining estimates from moving companies.) Once a Purchase Order is authorized and created, the organizational unit must submit an invoice referencing that Purchase Order to Accounts Payable for payment.

<p>Recommended UC Flex GL Accounts</p>	<p><i>532700 Moving Expenses 530503 Employee In-State Travel 530504 Employee Out-of-State Travel 532500 Rental & Lease</i></p>
<p>Wage Types</p>	<p><i>OMOV Qualified (non-taxable) Relocation Expenses OMVT Non-qualified (taxable) Relocation Expenses</i></p>

Organizational units may institute policies more, but not less, restrictive than this policy 2.1.26) if desired.

Related links:

[Tax Compliance Time and Distance Tests](#)
[Request for Prepayment of Relocation Expenses Form](#)
[Payroll Operations Schedule](#)
[Variant Expense Rate Table](#)

Phone Contacts:

Accounts Payable	556-6772
Central Purchasing	556-6742
Office of the Treasurer	556-4510
Payroll Operations	556-2451
Tax Compliance	556-4510