

Moving and Relocation

Effective Date: 10/01/08

Eligibility — To be eligible for reimbursement, the employee's relocation must meet all three of the following conditions.

- **At the Employer's Request.** The relocation must be at the request of the College and for the good of the State service as determined by the Department.
- **Distance.** The distance between the employee's new work location and the former residence must be 50 miles greater than the distance between the employee's old work location and the former residence. The employee's commuting distance must have increased by at least 50 miles one way.
- **One-Year Tenure.** The employee must satisfactorily maintain employment on a regular, full-time basis in State service for at least one year, commencing on the date that the employee starts work on a regular basis at the new location.

Limitations — Expenditures must be reasonable, necessary, and incurred after the employee executes an employment tenure agreement.

- The total dollar limit for reimbursement for all expenses will be determined by the department head upon hiring, but must not exceed \$11,000.
- A maximum amount for reimbursement will be agreed in advance by the department and the new employee as stated on the Tenure Agreement.
- This includes all reimbursements, i.e., actual reimbursement received by the employee and payments to third parties on behalf of the employee, including necessary employer payroll taxes paid related to these expenses.
- Travel related to moving and relocation is eligible for reimbursement according to CAPP Topic 20335, State Travel regulations and is limited to:
 - Trips for actual house hunting, including car rental
 - The initial trip (employee's move to new residence), after employment to the new duty station; and,
 - The trip to bring the family to new residence
- Reimbursement for mileage may not exceed the mileage rate established in the current Appropriation Act in effect at the time of travel. All mileage reimbursement over the amount allowed by the IRS as a deduction is taxable.
- Expenditures for travel, testing, interviewing and related activities incurred by or for a prospective employee before the applicant has accepted the employment offer are not considered moving and relocation expenses.
- House hunting expenses include the following: cost of transportation, meals and lodging. The number of reimbursable trips for house hunting purposes is limited to three (3) trips per employee and three (3) trips for the spouse. The maximum number of reimbursable lodging nights is fifteen (15). A night of combined lodging for both the employee and spouse counts as one night.

Expenditures Authorized Details

House Hunting

House hunting expenses apply to both the employee and spouse. They may be incurred while traveling to and from the new job location and while looking for new living accommodations. They include the cost of transportation, meals, and lodging and are subject to the state and College travel rules, regulations, and limits. The employee may claim these expenses only if the travel begins after an employment agreement is signed and travel is primarily to look for a place to live. These expenses must also occur prior to the employee's first day of work.

Only three trips for the employee and three trips for the spouse are reimbursable; up to 15 nights of lodging are reimbursable. A night of combined lodging for both the employee and spouse counts as one night. The cost of transportation includes parking fees and tolls, plus actual expenses, such as gas and oil (but not depreciation) for the use of car. Accurate records of each expense must be kept and the original receipts attached to travel voucher. In lieu of actual costs, reimbursement can be paid at the maximum allowable mileage rate in effect at the time of travel.

Temporary Quarters

If the employee cannot move directly into a new residence, reimbursement for reasonable lodging or rent may be claimed for a period of ninety (90) days from the first day of work at the new location. Reasonable residential parking fees will be reimbursed during the 90 days of temporary quarters. Expenses for meals may be claimed for the first thirty (30) days of residence in

temporary quarters. Such expenses must be reasonable, necessary, and in accordance with State Travel Regulations. Transportation, entertainment, living and other personal expenses of the employee and family are not reimbursable.

Home Sale and Lease Cancellation

The following expenses related to the sale of a principal residence or lease cancellation due to moving and relocating are reimbursable:

- Actual expense of real estate commissions
- Attorney's fees
- Escrow fees
- Pest inspections
- State transfer taxes

Purchase of Home

Certain expenses related to the purchase of a home, incurred by an employee relocating to a new work place, will be reimbursable. To qualify for reimbursement of these expenses, the relocated employee must have owned a primary residence at his/her prior location, which due to relocation resulted in sale of the residence. A copy of the settlement statement on the sale of the primary residence in the prior location must be provided before any reimbursements can be made on the purchase of a new primary residence.

Reimbursement will not be approved for the purchase of a second residence, investment property, business property, or resort/vacation property at the new work station. Specific expenses will be reimbursed with the submission of supporting documentation, such as the U.S. Department of Housing and Urban Development Settlement Statement (HUD-1) that is signed by the buyer and seller. These specific expenses are as follows:

- VA funding fee
- Origination fee or lease processing fee
- Survey fee
- Appraisal fee
- Credit report
- Home Inspection Fee (Limit 1)
- Title search
- Recording fee
- Title Insurance
- Attorney fee
- Notary Fees

Travel (Move to new location)

Travel expenses relating to moving and relocation are eligible for reimbursement according to State Travel Regulations and are limited to the **initial** trip.

When the employee and family are traveling to the new home, expenses for in-transit meals and lodging are reimbursable using the per diem and lodging rates as described in the State Travel Regulations. Transportation expenses include parking and tolls, plus actual expenses, such as gas and oil (but not depreciation) for the use of personal car. Accurate records must be kept of each expense and original receipts attached to the travel voucher. In lieu of actual costs, payment can be made at the maximum allowable mileage rate in effect at the time of travel. Travel reimbursement does not include automobile rental, except for house hunting purposes.

Transportation and Storage of Household Goods and Personal Effect

The actual costs paid for carrier transportation of the employee's household goods and personal effects from the former residence to the new residence are reimbursable. A maximum of 30 days temporary (in-transit) storage of household goods is also reimbursable if the employee cannot move directly into the new residence. Employees who receive common carrier services cannot also be reimbursed for "Do-It-Yourself" moves as described in the next sub-paragraph. Costs related to moving and relocation not specifically allowed in these regulations are not reimbursable.

The following expense items are not considered as valid moving and relocation expenses and will not be reimbursable:

- Insurance in excess of bulk rate coverage provided by the Common Carrier.

MOVING AND RELOCATION REIMBURSEMENTS ARE TAXABLE FRINGE BENEFITS TO ALL EMPLOYEES REGARDLESS OF THE FUNDING USED.

Moving and Relocation can be paid on a reimbursement basis only. Acceptable Proof of payment is necessary for all claims.

- The cost to transport recreation vehicles such as yachts.
- The cost to move a pet.

The College has moving service contracts with several companies. New employees should contact one or two of the following companies to secure moving services. They should explain that they are requesting service as a new College of William and Mary employee and will be moving using the terms of the moving service contract with the College. Information regarding College of William and Mary contractors for moving services is available on the Procurement Department. If a College contracted common carrier is not selected for the move, quotes from three common carriers must be included with any request for payment of common carrier expenses.

Do-It-Yourself Moves

If the employee chooses to move himself/herself, the amount of the actual costs allowed will be included in the limitation. (Employees who request reimbursement for rental vehicle transportation cannot also request payment for Common Carrier expenses.) Actual costs are reimbursable, within the \$11,000 total limitation, with appropriate documentation.

The following are allowed:

- Moving vehicle rental.
 - Moving van, truck, trailer, hand truck, or other appropriate moving equipment, vehicles and supplies are reimbursable with rental company receipt. Purchase of such a vehicle or equipment is not reimbursable. Only one truck trip is reimbursable.
 - Rental of bicycle racks, trailer hitches, etc., is reimbursable; however, purchase of such equipment is not reimbursable.
- The purchase of moving supplies, such as packing paper, boxes or cartons, may be reimbursed with appropriate receipts.
 - The amount of such purchases must not exceed \$200.
 - Gas used by a rental truck during the move is reimbursable with proper receipts.
- Labor used during the move - reimbursement is limited to a reasonable hourly wage with the maximum total being \$250.
- Labor provided by the employee or immediate family member(s) is not reimbursable.

Expense Reporting

Reimbursements

All expenses must be itemized on a travel reimbursement voucher. It must be submitted to the department fiscal office with a copy of the:

- Employee Moving and Relocation Expense Summary Form,
- Employee Relocation Agreement,
- All receipts supporting moving and travel expenditures.

After departmental approvals are obtained, the form is sent to the Accounts Payable Office. The Accounts Payable Office reviews all request for completeness of documentation and then make payments as follows:

- Payments for taxable and non-taxable expenses are paid directly to the employee through the accounts payable process.
- Accounts Payable notifies the Payroll Office so the appropriate notation can be made on the W2 and taxes can be assessed to the employee's pay.

Responsibilities

Employee Responsibilities

Unless otherwise specified, all expenses submitted for reimbursement must be actual, reasonable, necessary, and within College guidelines as stated below.

Each employee eligible for moving and relocation expense reimbursement is responsible for:

- Completing the Employee Moving and Relocation Expense form to submit with each payment voucher.
- Obtaining original receipts and other documents that are necessary to support all claims for reimbursement.
- Submitting claims within 30 days after the employee moves into the new permanent residence, but in no case later than 12 months after beginning employment at the new location.
- Remaining an employee of the College for a period of at least one year. Otherwise the repayment of all or a portion of the moving expenses must be made in accordance with the Employment Relocation Agreement signed by the employee.

MOVING AND RELOCATION REIMBURSEMENTS ARE TAXABLE FRINGE BENEFITS TO ALL EMPLOYEES REGARDLESS OF THE FUNDING USED.

Moving and Relocation can be paid on a reimbursement basis only. Acceptable Proof of payment is necessary for all claims.

College Responsibilities

The College responsibilities are located in several offices as follows:

- The hiring department/college enters into an agreement to reimburse moving and relocation expenses.
- The Accounts Payable Department
 - Reviews vouchers in accordance with state and IRS guidelines.
 - Provides support and answers questions concerning this policy.
 - Determines additions to the individual's taxable income and nontaxable payments to be reported to the Internal Revenue Service for payments made by the College.
- The Payroll Department
 - Includes the authorized amount of taxable moving and relocation expenses in the gross income and deducts applicable taxes.
 - Reports the non-taxable amount of the reimbursement on the W-2 as required by the IRS.

IRS Reporting

Applicable Federal and State laws require certain reimbursements to relocated employees to be included in the employee's gross income, and certain relocation expenses to be excluded. Expenses which constitute qualified moving expense reimbursements under Federal guidelines should not be considered as taxable income.

Expenses which are not qualified are taxable and should be included in the employee's W-2 tax withholding statement. Each employee is ultimately responsible for the proper reporting and tax treatment of any reimbursements to the IRS for each tax year.

Qualified Moving Expenses

The following information provides general guidance on the possible tax treatment of the reimbursements/payments received as a result of relocation. It is recommended that the employee consult a tax advisor or devote personal time to a detailed review of tax regulations to determine the effect upon personal income tax liability. Additionally, IRS publication 521, *Moving Expenses*, is available upon request from the IRS.

Qualified moving expenses are defined as the reasonable costs of

- (1) Moving household goods and personal effects from the former residence to the new residence (this includes common carrier and in-transit storage expenses (30 day maximum)), and
- (2) Travel—including lodging during the period of travel—from the former residence to the new place of residence.

Qualified moving expenses **do not** include any expenses for meals.

Under Federal guidelines, the following expenses are not qualified moving expenses:

- The cost of pre-move house-hunting trips.
- The cost of temporary living expenses in the general location of the new job.
- The cost of selling or settling an un-expired lease on the former residence or the cost of buying a new residence.

Qualified moving expenses are excludable from gross income and wages for income and employment tax purposes when paid for by the Agency or Institution. Under the IRS guidelines, the University must add reimbursement of expenses that are not qualified moving expenses to the employee's income as taxable income. Appropriate Federal and State income taxes are withheld.

These amounts however require reporting as both taxable and non-taxable moving and relocation on the employee form W2. The payroll check for the reporting period will be reduced by the applicable Federal and State taxes. The employee department will also be charge for the departmental FICA expenditures.