

## UCR Policies and Procedures

**Policy Title: Moving and Relocation Expense Reimbursements for Staff Employees**

**Policy Number: 650-32**

<b>Responsible Officer:</b>	Associate Vice Chancellor of Business & Financial Services and Controller
<b>Responsible Office:</b>	Business and Financial Services
<b>Date of Revision:</b>	09/01/2019
<b>Date of Last Review:</b>	09/01/2019
<b>Origination Date:</b>	02/01/2008
<b>Scope:</b>	<p>This policy applies to the payment and taxation of Moving and Relocation expenses for the University's Managers and Senior Professionals (MSP) and Professional and Support Staff (PSS) personnel in accordance with Business and Finance Bulletin <a href="#">G-13</a> and Senior Management Group (SMG) personnel in accordance with Board of Regents Policies <a href="#">7710</a> (SMG Moving) and <a href="#">7711</a> (SMG Relocation)</p> <p>This policy does not apply to moving and removal expenses for academic employees; see UCR P&amp;P 650-31.</p>

## I. Overview

To attract and retain the most qualified employees, the University on occasion provides reimbursements for certain moving expenses, depending on the situation (e.g., promotion), the employee's position, and availability of funding. Business and Finance Bulletin [G-13](#) Policy and Regulations Governing Moving and Relocation sets forth the University-wide policy governing the payment of these expenses for non-exclusively represented staff employees. (Represented staff should refer to their collective bargaining contract agreement.).

New tax laws effective from January 1, 2018 through December 31, 2025 require the taxation of many of these benefits. Therefore, based on lessons learned in calendar year 2018, effective January 1, 2019, UCR will gross up all allowable reimbursements by 30% (up to \$3,000) to minimize the impact of taxable benefits (i.e. imputed income) on these eligible employees' net pay. This local

implementing policy, 650-32, describes UCR's transactional processing procedures for moving and relocation of non-exclusively represented staff employees.

## **II. Eligibility for Moving and Relocation Expense Reimbursements**

Refer to the UC Business & Finance Bulletin G-13 to determine if a staff employee is eligible for a moving/relocation expense reimbursement. Payment of moving/relocation expenses is provided for certain new appointees to staff positions. These payments are not provided automatically and should not be presumed. Agreement to pay relocation assistance requires pre-approval by the appropriate authority.

## **III. Allowable Moving and Relocation Expenses**

The UC Business & Finance Bulletin G-13 specifies the moving and relocation expenses that are allowable and eligible for reimbursement. Reimbursements can vary depending on the situation, the employee's position, and availability of funding. UCR has instituted a maximum moving and relocation expense amount of \$10,000 for MSP and PSS employee; taxable relocation expenses will automatically be grossed up by 30% (not to exceed \$3,000). Certain reimbursements require exceptional approval; see Section V.

## **IV. Income Tax Reporting**

Amounts paid for moving and relocation expenses from January 1, 2018 through December 31, 2025, whether or not paid directly to an employee, are includible in an employee's gross income, subject to withholding of federal income, social security, and Medicare taxes. Such amounts must be tax coded for reporting on the employee's W-2 for moving expense payments through December 31, 2025 under I.R.C. Sections 217(k) and 132(g)(2).3. Not all moving and relocation expenses are subject to California income tax. Business & Finance Bulletin G-13 should be referred to for determining the tax reporting requirements in accordance to IRS regulations. Appendix A of this policy outlines the changes to taxability of certain items.

To minimize the impact of these tax changes on net pay of employees offered moving and relocation assistance, effective January 1, 2019, an additional payment to the employee (i.e. gross up) of 30% will be applied to all taxable moving and relocation costs up to a total of \$3,000 per employee (note: this additional 30% payment is taxable). As previously stated, SMG members are not eligible for the additional 30% payment. The cost of the 30% gross-up will be borne by the employee's department. In addition, whenever possible, reimbursements processed after September 1, 2019, will be paid via the UCPath system.

## V. UCR Procedure - Moving and Relocation Expenses

### A. Authority to Approve Moving and Relocation Expenses

The authority to approve staff moving and relocation expense reimbursements that are in accordance with Business & Finance Bulletin G-13 has been delegated to the department head. The employee's department has the discretion to offer amounts up to the \$10,000 limits, subject to the availability of departmental funds; the 30% gross-up (up to \$3,000) will be automatically applied and is not at the department's discretion. Note: SMG employees are not subject to the \$10,000 threshold nor eligible for the gross-up; a moving and relocation maximum should be established in advance and approved by the Chancellor.

The 30% gross-up is provided to minimize the impact on an employee's net pay; departments should consider the gross-up amount when authorizing moving and relocation benefits to new employees as this expense will be borne by the department. All moving and relocation benefits provided to the employee must be specified in writing and will be processed via UCPath, when possible, so the related taxes can be withheld and reported on the employee's W2.

Exceptions: A moving and relocation expense for staff employee that (1) is an exception to BFB G-13, (2) exceeds \$10,000 (exclusive of gross-up), and/or (3) is a non-standard expense specified in Appendix A of this policy must be routed through the respective organization unit head (e.g. Dean, Vice Chancellor) for endorsement and submitted to the Vice Chancellor Planning, Budget & Administration (VCPBA) for exceptional approval. The VCPBA evaluates whether such exceptional reimbursement is necessary for the recruitment of the most qualified employees in that particular profession. The request for an exception should be made in advance in writing and must specify the purpose, special circumstances, applicable dates, and name of the individual. Please note exceptions to the gross up amounts are not permitted.

### B. Source of Funds/Forms

As a general rule, moving and relocation expense reimbursements for staff employees are typically recorded and funded on the same activity, fund, and function as that used to pay the employee's salary.

### C. Notifying Employee

After securing the appropriate approvals for moving and relocation costs, the Hiring Department should inform the employee of the related policies and limitations at the earliest possible date, preferably in the offer letter (see sample language in Appendix B). The employee must also be

advised that all family and household moving and relocation expenses are taxable. Employees can make their own moving and travel arrangements for themselves and their family members. Reimbursement of allowable costs will be made upon submission of a Moving Expense Reimbursement form with required receipts. \*A list of moving companies offering UC discounts to employees is available from Procurement.

When a purchase order is used for relocation expenses, the personal portion of the move must be clearly separated from the non-taxable relocation of equipment and property to be transferred to UCR.

#### **D. Reimbursement**

Application for reimbursement for expenses must be submitted using the Moving and Relocation Expense Reimbursement Form (available on the Accounting Office website). A single Moving and Relocation Expense Reimbursement form is required to provide a final accounting of all moving/relocation expenses, initiate reimbursement of related travel costs, and enable proper tax reporting. The employee should submit reimbursement requests immediately after the move, and the approved request must be submitted to the Accounting Office within 60 days. Delinquent request may jeopardize reimbursement.

Original receipts must be supplied for claims of allowable expenses.

Reimbursement requests will be reviewed by Accounts Payable and payments will be processed in UCPath with the gross-up outlined above to ensure proper tax withholding and reporting.

#### **VI. Feedback and Additional Information**

If you have questions or comments on interpreting or applying this procedure, please contact the Accounting Office.

#### **VII. Other Policy References**

- Business and Finance Bulletin G-13, [Policy and Regulations Governing Moving and Relocation](#)
- Business and Finance Bulletin G-28, [Policy and Regulations Governing Travel](#)
- [IRS Publication 521 - Moving Expenses](#)

## Appendix A: Taxability

### Types of Allowable Expenses (see policy BFB G-13 for specific limitations)

Standard Expense Types:	Taxable Income Pre-2018	Taxable Income Effective 1/1/18
Packing, crating and unpacking of household goods and personal effects	No	Yes
Transporting household goods and personal effects by professional movers	No	Yes
Packing, crating, unpacking, and transporting a library, office or lab that is transferred as UCR property (must be quoted and invoiced separately from household goods and library, office or lab items that are NOT considered UCR property)	No	No
Transporting household goods and personal effects by rental truck; fuel may be claimed separately	No	Yes
Insurance of household goods and personal effects while in transit	No	Yes
Driving or shipping up to two personal vehicles	No	Yes
One-way economy/coach class airfare for all household members	No	Yes
One time ground transportation from former residence to the airport and from the airport to the new residence or temporary lodging	No	Yes
Rental car if personal vehicle is shipped	Yes	Yes
If driving, lodging while en route, up to the daily CONUS lodging limit	No	Yes

Meals for all household members while en route, up to daily CONUS M&IE limit per (this is not a per diem)	Yes	Yes
Furnished temporary lodging and meals for up to 30 days, not to exceed daily CONUS limits	Yes	Yes
Storage of household goods and personal effects for up to 30 days (90 days for SMG) after removal from prior residence	Yes	Yes
Connecting and disconnecting utilities, excluding deposits	Yes	Yes

<b>Non-standard Expenses Requiring Endorsement from the Organization Head and Exceptional Approval from VCPBA (regardless of the dollar amount):</b>	<b>Taxable Income Pre-2018</b>	<b>Taxable Income Effective 1/1/18</b>
Packing, crating, unpacking, and transporting a library, office or lab that is NOT University property <ul style="list-style-type: none"> <li>• Must be quoted and invoiced separately from transfer of university property</li> </ul>	No	Yes
Relocation services, e.g., home search assistance	Yes	Yes
House-hunting trip	Yes	Yes
SMG only: Up to two return trips to former residence to help with the move	Yes	Yes
Selling costs within policy limits directly associated with the sale of the former residence	Yes	Yes
Lease settlement costs within policy limits	Yes	Yes

Appendix B: Proposed Language to Insert on Staff Position Offer Letter When Moving and Relocation are Included (note: SMG positions are not eligible for the additional 30% payment):

*The University of California has established Policy G-13 [Policy and Regulations Governing Moving and Relocation](#) and the university established [Policy 650-32](#) to govern moving and relocation expenses. The reimbursement of moving expenses is at the sole discretion of the university, subject to IRS regulations, taxation, and the availability of funds.*

*The university will pay up to 100% of the eligible, reasonable, actual expenses of the move and relocation, up to a maximum of [\$X,XXX]. IRS Publication 521 requires the reporting of the moving and relocation expenses as a taxable fringe benefit. To assist with this tax burden, the university will provide an additional payment of 30% [up to \$XXX] based on the actual eligible moving and relocation costs. You are strongly encouraged to consult with your personal tax advisor. For more information, please refer to: UC Business and Finance Bulletin G-13 (<https://policy.ucop.edu/doc/3420347/BFB-G-13>), UCR Policy & Procedure 650-32, and IRS Publication 521 (<https://www.irs.gov/newsroom/tax-reform-brings-changes-to-qualified-moving-expenses>)*

*Please note, as an MSP or PSS appointee, if you voluntarily separate from this position prior to completing one year of service and do not accept a position within the UC system within 12 months from your initial date of appointment, you may be required to pay back 100 percent of the moving and relocation expenses paid by the university.*