University Operating Procedure

Relocation

Overview

At the discretion of the hiring unit, relocation expenses for new faculty and staff may be provided if funds are available in the unit budget. The total amount provided for relocation will be determined by the employing unit, subject to Internal Revenue Service (IRS) regulations and the following guidelines. This University Operating Procedure outlines IRS rules, in effect as of the date of this document, for reporting reimbursement as income and withholding taxes, and sets forth University procedures relating to relocation expenses.

Procedures

If relocation benefits are to be extended, at the discretion of the hiring unit, relocation expenses and payment options should be negotiated with the new faculty or staff member during the hiring process. Both the IRS’ time and distance tests must be met (See Procedure Elaboration). The letter of offer should specify the payment method and define the maximum amount. It is important to provide the new hire with the University’s relocation procedures so the individual will be aware that “nonqualified” expenses, as defined in the procedures, are included in the individual’s gross income and subject to applicable tax withholding.

NOTE: The University has pricing agreements with national moving companies. See http://www.uvm.edu/~cntrltrs/?Page=purchasing/purchasing_methods.html&SM=purchasemenu.html. Contact Purchasing Services for further information.

I. Direct Payment (Third Party) Method for Commercial Moving Company

A. Employing unit
   1. Ensure that new hire’s relocation will meet the IRS’ time and distance tests.
   2. If both tests are met, contact Purchasing Services to initiate estimates (surveys) with commercial moving companies with whom the University has pricing agreements. Provide new hire’s name, current residential address, e-mail address, phone number, ship-to address, timeframe for move, and maximum relocation amount, if applicable.
   3. Initiate purchase requisition for selected commercial moving company, up to the agreed upon relocation maximum, if applicable, using PeopleSoft Account “64034”
(Relocation), limiting storage of household goods to no more than 30 days in transit.

B. Purchasing Services
1. Assist employing unit with selection of commercial carrier, limiting storage to 30 days in transit.
2. Facilitate purchase orders for commercial carrier, up to the relocation maximum amount, if applicable, ensuring Account “64034” is specified.

II. Reimbursement Method

Relocation expense reimbursements must be initiated via Check Request Form; relocation expense reimbursements may not be submitted via PeopleSoft Travel and Expense Module.

A. New Hire
1. Complete and certify Relocation Expense Reimbursement Form to itemize relocation expenses, properly classifying qualified vs. nonqualified expenses in accordance with IRS guidelines.
2. Forward Relocation Expense Reimbursement Form and original itemized receipts to employing unit within 30 days of move.

B. Employing unit
1. Review Relocation Expense Reimbursement Form for proper classification of qualified vs. nonqualified expenses, and original itemized receipts supporting each item.
2. Submit Check Request Form (using Account 64034) with the itemization of original itemized receipts to the Disbursement Center as soon as possible. If reimbursement is submitted after the initial 12 months of employment, written explanation of the delay must accompany the request.

C. Disbursement Center
1. Review relocation reimbursement requests (Account 64034) to determine Qualified vs. Nonqualified expense treatment in accordance with policy.
2. Report relocation reimbursement to Payroll as Nonqualified (additional compensation) and/or Qualified (deductible moving expenses), as applicable.

III. Payment of Interview Travel Expenses for Candidate

Payment of a candidate’s travel expenses to attend an interview for prospective employment, which may include incidental house hunting, is not relocation. Such travel expenses are processed in accordance with University guidelines using non-employee travel, Account 6054x, and business meals, Account 60503, as applicable.

Procedure Elaboration

I. Eligibility dependent upon meeting the IRS’ “time” and “distance” tests
In order for the new hire to be eligible for relocation funds, the individual must meet the IRS’ “time” and “distance” tests. In order for the Relocation Operating Procedure to apply, the individual’s facts must meet both tests, as follows:

A. The distance between the old home and the new place of work must be at least 50 miles greater than the distance between the old home and the old place of work (the “distance” test).
B. The new hire must be expected to be employed full-time by the University for a period of at least 39 weeks out of 52 weeks in the next 12 months (the “time” test.)

II. Payment Methods for Relocation Expenses

A. Payment for shipping of household goods may be processed (1) as a direct payment to the carrier(s), with whom the University has pricing contracts, via purchase order, (2) as subsequent expense reimbursement, or (3) in limited circumstances as an individual relocation Advance, in advance of the individual’s move.
B. Direct payments to third parties for relocation expenses other than commercial moving companies are not permitted. Rather, such expenses, including relocation travel expenses, pre-move house hunting expenses, temporary lodging, etc., are to be funded via relocation reimbursement or relocation Advance methods.
C. Reimbursement requests for relocation related expenses, itemized via standardized form and supported by original itemized receipts, must be initiated within 30 days after the new hire’s move.
D. A Relocation Advance may be issued to a new hire no sooner than 30 days prior to the move. Relocation Advances will only be granted in limited extenuating circumstances and must be approved by the Vice President for Finance and Treasurer. The new hire must substantiate expenses via standardized form and provide original itemized receipts within 10 days of relocation.
E. To avoid crossing tax years, an Advance may not be requested/processed in December for a January hire/move; rather, such moves are to be funded via direct payment or relocation reimbursement methods.

III. Relocation expenses are defined as either “qualified” or “nonqualified” in accordance with IRS regulations.

A. Qualified expenses (not subject to income reporting or tax withholding)
   1. Commercial moving company bill of lading for personal household goods;
   2. Charges for packing, crating, mailing and/or shipping household goods; and other miscellaneous packing supplies;
   3. Optional insurance on items such as furniture, clothing, and utensils;
   4. Rental truck or trailer;
   5. In-transit storage for up to 30 consecutive days (after removal of the goods and personal effects from the old residence and before delivery to new residence);
   6. Shipment of car(s), if not used in the move;
   7. Travel and lodging costs for one trip (employee and family) from the old residence to the new residence by shortest and most direct route available, which may include:
a. Actual gas cost, based upon receipts or current IRS standard mileage rate for moving expenses (for personal vehicles);
b. Lodging in transit;
c. Airfare (coach only);
d. Rental car (subcompact, compact or midsize, unless number of passengers warrants full-size vehicle), rented no sooner than the day of departure from old residence, and returned upon arrival to the new residence;
e. Tolls, taxi, limousine, or parking;
f. Pet shipping charges.

B. Nonqualified expenses (subject to income reporting and tax withholding)
   1. Travel and lodging costs incurred during additional trips from the old residence to the new residence.
   2. Cost of meals at any point in the relocation process.
   3. Pre-move house-hunting expenses, which may include:
      a. Mileage at current IRS standard rate for moving expenses (for personal vehicles), or actual gas cost, based upon receipts for personal or rental vehicles;
      b. Lodging;
      c. Airfare (coach only);
      d. Rental car (subcompact, compact or midsize, unless number of passengers warrants full-size vehicle);
      e. Tolls, taxi, limousine, or parking.
   4. Temporary housing.

IV. Relocation Reporting and Tax Implications

A. Direct payment of qualified moving expenses to commercial moving company on behalf of the employee is nontaxable and is not reported on the annual Form W-2.
B. Reimbursement of qualified moving expenses is nontaxable, and is identified on the annual Form W-2 in Box 13, with code P, excludable moving expenses paid directly to employee. Reimbursement of qualified moving expenses will be excluded from taxable income upon timely substantiation of relocation expenses, via applicable standardized form and submission of original itemized receipts.
C. Reimbursement of nonqualified expenses is subject to withholding of applicable income and employment taxes, and is reported on the annual Form W-2 as taxable income. Relocation advances and relocation expense reimbursements for nonqualified expenses, or for any expenses not fully supported by original itemized receipts, will be included in the employee’s gross income as a taxable fringe benefit, and subject to income and employment tax withholding from normal net pay.

V. Transporting Research Equipment

Research equipment/materials transferred from a new hire’s former lab to a UVM lab shall be subject to University inventory control guidelines for tagging moveable equipment. Because research equipment/materials are not household goods, the cost of transporting such items shall not
be reimbursed or advanced as an employee relocation benefit. Rather, the transportation of such moveable equipment shall be contracted via Purchase Order through a commercial moving company with whom University Purchasing Services has a contract or pricing agreement.

**Definitions**

*Distance Test*: The distance between the old home and the new place of work must be at least 50 miles greater than the distance between the old home and the old place of work, in accordance with IRS guidelines.

*Nonqualified expenses*: Expenses that are not deductible as moving expenses for federal income tax purposes, in accordance with IRS Publication 521.

*Qualified expenses*: Deductible moving expenses for federal income tax purposes in accordance with IRS Publication 521, "Moving Expenses."

*Time Test*: The new employee must be expected to be employed full-time by the University for a period of at least 39 weeks out of 52 weeks in the next 12 months, in accordance with IRS guidelines.

**Contacts/Responsible Official**

Questions concerning the daily operational interpretation of this policy should be directed to the following (in accordance with the policy elaboration and procedures):

Purchasing Services  
*purchasing@uvm.edu*  
(802) 656-6610

Disbursement Center  
*disburse@uvm.edu*  
(802) 656-4192

Assistant Controller for Tax and Treasury Services  
University Financial Services  
(802) 656-0674

The Vice President for Finance and Treasurer is the official responsible for the interpretation and administration of this policy.

**Forms**

Check Request Form  
*http://www.uvm.edu/~cntrlrs/?Page=disburse/disburseforms.html&SM=disbursemenu.html*

Relocation Expense Reimbursement Form  
*http://www.uvm.edu/%7Ecntrlrs/forms/Relocation_Expense_Reimbursement_Form.xls*
Related Documents/Policies

IRS Publication 521, “Moving Expenses”

Effective Date

Approved by the Vice President for Finance and Treasurer on October 24, 2012