



The
UNIVERSITY
of **VERMONT**

Policy V. 4.3.17.1

Responsible Official: Vice
President for Finance and
Administration

Effective Date: September 17, 2008

Relocation

Policy Statement

At the discretion of the hiring unit, relocation expenses for new faculty and staff may be provided if funds are available in the department or college budget. The total amount provided for relocation will be determined by the employing unit, subject to Internal Revenue Service (IRS) regulations and the following policy guidelines.

The policy document outlines IRS rules, in effect as of the revision date of this policy, for reporting reimbursement as income and withholding taxes, and sets forth University procedures relating to relocation expenses.

Reason for the Policy

To provide guidance to University academic and administrative units for providing relocation benefits for new hires.

Strategic Direction

This policy supports the following goal in the University's Strategic Plan:

http://www.uvm.edu/president/strategic_planning/Strategic%20Plan%202009-2013.pdf

- Institutional Efficacy: As an institution, model the highest standard of ethical conduct, public service, and strong commitment to lifelong learning.

Applicability of the Policy

This policy applies to all members of the University of Vermont community who authorize relocation benefits for new hires, individuals who are hired with relocation benefits, and those who process relocation payment transactions.

Policy 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 Policy 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) 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 (see procedures) and supported by original 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. The new hire must substantiate expenses via standardized form and provide original 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, or Advance payments for, qualified moving expenses will be excluded from taxable income upon timely substantiation of relocation expenses, via applicable standardized form and submission of original receipts.
- C. Reimbursement of, or Advance payment for, 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 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.
- D. A relocation Advance still outstanding as of mid-December will be included in taxable income and subject to tax withholding in the current tax year.

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 Procurement 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.

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. 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 policy and procedures so the individual will be aware that "nonqualified" expenses, as defined in the policy, are included in the individual's gross income and subject to applicable tax withholding.

NOTE: The University has [pricing agreements \(http://www.uvm.edu/~procure/?Page=PricingAgreements.htm&SM=pricingagreementssubmenu.htm\)](http://www.uvm.edu/~procure/?Page=PricingAgreements.htm&SM=pricingagreementssubmenu.htm) with national moving companies. Contact Procurement 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 Procurement 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. Procurement 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 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 receipts supporting each item.
2. Submit Check Request Form (using Account “64034”) with the itemization of original receipts to Procurement Services 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. Procurement Services

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

III. Relocation Advance Method

A. Employing Unit

1. Ensure the new hire's relocation will meet both the "time" and "distance" tests.
2. If both tests are met, complete a "Relocation Advance Request Form." Attach "Relocation Advance Request Form" to a 'Check Request Form' payable to newly hired individual, specifying Account 64034 ("Relocation") in the chartstring. Submit both forms to Procurement Services no sooner than 30 days prior to date of move.
3. Within 10 days of completion of the move, review employee's signed "Relocation Advance Substantiation Form" and original receipts for completeness and accuracy, including proper classification of "qualified" vs. "nonqualified" expenses.
4. Certify and forward "Relocation Advance Substantiation Form" to Procurement Services, 19 Roosevelt Highway, Suite 120, Colchester, VT 05446, on behalf of new hire.

B. New Hire

1. Complete "Relocation Advance Substantiation Form" within 10 days of the move, properly classifying qualified vs. nonqualified expenses.
2. Certify and forward "Relocation Advance Substantiation Form" and **original receipts** to the employing unit within 10 days of move.

C. Procurement Services

1. Track new relocation Advances processed, and those pending submission of completed "Relocation Advance Substantiation Form" and original receipts.
2. Upon receipt of "Relocation Advance Substantiation Form" and original receipts, report relocation Advance to HR/Payroll as Nonqualified Moving and/or Qualified Moving , as applicable, and update tracking.
3. For relocation Advances outstanding 60 days, or outstanding as of December 15th, report cash advance to HR/Payroll as Nonqualified Moving (additional compensation).

IV. 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.

Forms

Relocation Advance Request Form

http://www.uvm.edu/controller/taxadmin/Relocation_Advance_Request_Form.pdf

Relocation Advance Substantiation Form

http://www.uvm.edu/controller/taxadmin/Relocation_Advance_Substantiation_Form.xls

Relocation Expense Reimbursement Form

http://www.uvm.edu/controller/taxadmin/Relocation_Expense_Reimbursement_Form.xls

Check Request Form

<http://www.uvm.edu/~procure/?Page=forms.htm>

Contacts

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

Procurement Services
656-4192

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

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

Related Documents/Policies

IRS Publication 521, "Moving Expenses"

<http://www.irs.gov/pub/irs-pdf/p521.pdf>

Effective Date

Approved by the President on September 17, 2008