



The University of Vermont

Richard H. Cate

Vice President for Finance and Treasurer

To: Deans, Directors and Department Chairs

From: Richard Cate, Vice President for Finance and Treasurer

Re: 2018 Tax Law Changes for Relocation Expense Reimbursement and Withholding Tax Rates

Date: January 29, 2018

Effective January 1, 2018, the federal Tax Cut and Jobs Act requires that amounts paid to a new employee for the reimbursement or payment of relocation expenses, including payments made by the University to third parties on behalf of the employee (i.e. payments to moving companies), will be subject to federal withholding tax and FICA. In other words, the University will have to include the total amount of the payment or reimbursement as taxable wages and will withhold federal income tax and FICA tax from the payment. The amount will be reflected in the employee's form W-2 in the year in which the reimbursement and/or payment was made.

If your department is hiring and providing relocation assistance, please note in the hiring documentation to the new employee that all relocation expenses will be fully taxable.

We are aware that the current relocation reimbursement form and procedures need to be updated to reflect these tax law changes. We are making every effort to make the revisions as quickly as we can.

If you have any questions or need assistance with regard to relocation reimbursement, please contact Claire Burlingham, University Controller, at extension 6-8356.

In addition, the 2018 federal Tax Cut and Jobs Act changes the federal withholding tax rates which will affect the amount of federal income tax being withheld from employees earnings. The University has received the new tax schedules from Oracle and is working on updating the PeopleSoft Payroll system. It is our expectation to use these new withholding tables beginning with the February 2nd bi-weekly payroll and the February 15th semi-monthly payroll. Individuals should review their payroll information to see the effect that these changes may have on their personal situation. If employees receive direct deposit, they can use the "view your paycheck" feature in PeopleSoft HCM Self Service, or if they receive a paper check, they should review their paper paystub. Questions employees may have regarding the new tax brackets and the effect that it will have on their personal tax situation should be directed to their tax advisor or the IRS helpline at www.irs.gov.

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