



## University Operating Procedure

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# Relocation

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## Overview

At the discretion of the hiring unit, a reasonable relocation stipend 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. This University Operating Procedure outlines IRS rules, in effect January 1, 2018, for reporting a Relocation Stipend as income and withholding taxes purposes and sets forth University procedures relating to Relocation Stipends.

## Procedures

If relocation benefits are to be extended at the discretion of the hiring unit then, Relocation Stipends should be negotiated with the new faculty or staff member during the hiring process. Effective January 1, 2018, the Federal Tax Cut and Jobs Act requires that all payments made to employees are taxable and subject to federal income tax and FICA. The letter of offer should specify the stipend amount and that the full amount of the stipend is taxable and subject to federal and state income taxes. It is important to provide the new hire with the University's relocation procedures, and to inform the new employee that the stipend is taxable, and will be included in taxable earnings, and is subject to applicable tax withholding.

**NOTE:** The University has pricing agreements with national moving companies (<https://www.uvm.edu/sites/default/files/Division-of-Finance/purchasing/purchasingpaymentmethods.pdf>). Contact Purchasing Services for further information. This pricing agreement can be used as a tool in aiding the hiring department when determining the amount of the relocation stipend. The University will not issue purchase orders or pay moving companies directly on behalf of the incoming employee.

### I. Employing Unit

1. Ensure the new hire's letter of offer includes the following:
  - a) The amount of the negotiated Relocation Stipend clearly stated.
  - b) Language in the letter stating that the full amount of the stipend is taxable and subject to federal and state tax.
2. Prepare an Additional Pay Form (APF), which will include the amount to be paid and the chartstring to charge the expense. The required chartstring account code is 57896.

3. Attach the APF to the Hire or Rehire ePAR along with other onboarding documents and route to Human Resource Services.

## **II. Payroll and Tax Services**

Upon receipt of the Additional Pay Form (APF) from Human Resource Services, Payroll and Tax Services will process the documents to pay on the first or second payroll after the employee has been entered into the PeopleSoft HCM system.

## **III. Payment of Interview Travel Expenses for Candidate**

Payment of a candidate's travel expenses to attend an interview for prospective employment is not relocation. Such travel expenses are processed in accordance with the University's Travel policy (<https://www.uvm.edu/sites/default/files/UVM-Policies/policies/travel.pdf>).

# **Procedure Elaboration**

## **Relocation Reporting and Tax Implications**

Payment of a Relocation Stipend is taxable, and will be included as taxable income with all the applicable taxes withheld.

## **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 a purchase order through a commercial moving company with whom University Purchasing Services has a contract or pricing agreement.

# **Contacts/Responsible Official**

Questions concerning the daily operational interpretation of this operating procedure should be directed to the following:

Payroll and Tax Services  
[payroll@uvm.edu](mailto:payroll@uvm.edu)  
(802) 656-6600

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

# **Forms**

Additional Pay Form

[https://www.uvm.edu/sites/default/files/Division-of-Finance/Forms/additional\\_pay.xlsx](https://www.uvm.edu/sites/default/files/Division-of-Finance/Forms/additional_pay.xlsx)

## **Related Documents/Policies**

IRS Publication L.115-97H.R.1 Tax Cut Jobs Act of 2017

<https://www.congress.gov/bill/115th-congress/house-bill/1?q=%7B%22search%22%3A%5B%22115-97%22%5D%7D&r=3>

UVM Travel Policy

<https://www.uvm.edu/sites/default/files/UVM-Policies/policies/travel.pdf>

## **Effective Date**

Approved by the Vice President for Finance and Treasurer May 8, 2018