



## UNIVERSITY OPERATING PROCEDURE

**Title:** Relocation

### 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.

### Applicability of the Procedure

This Operating Procedure applies to all University of Vermont (UVM) faculty and staff who are responsible for the facilitation and payment of any Relocation Stipend.

### Definitions

None

### 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 state and 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 state and federal income taxes and Federal Insurance Contributions Act (FICA). 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 access to contracts with national moving companies. Contact Purchasing Services for further information. These contracts 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 income taxes and FICA.
- 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. Receipts are not required.

**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](#).

**Relocation Reporting and Tax Implications**

Payment of a Relocation Stipend is taxable, and will be included as taxable income with all the applicable federal and state taxes withheld. Relocation Stipends will be included on a Form W-2 in the year paid, regardless of the actual relocation date or when expenses were incurred.

**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.

**Relocation Stipends on Sponsored Projects**

Relocation stipends being charged on sponsored projects must follow applicable policies of the sponsoring agency as well as the terms and conditions of the individual agreement as well as what the required documentation may be to substantiate. In addition, all federally funded projects – both directly funded and flow-through subrecipient agreements – must be in compliance with the Uniform Guidance at [2 CFR 200](#). Offer letters which contain relocation stipends charged to sponsored projects must include direction to keep receipts, invoices, and other supporting documentation. Reimbursement will only be up to the substantiated amount. Relocation stipends on sponsored projects, based on itemized receipts, are processed through Payroll Services.

**Contacts**

<b>Questions concerning the daily operational interpretation of this UOP should be directed to the following:</b>	
<b>Title(s)/Department(s):</b>	<b>Contact Information:</b>
Payroll and Tax Services	<a href="mailto:payroll@uvm.edu">payroll@uvm.edu</a> (802) 656-6600

## Forms/Flowcharts/Diagrams

- [Additional Pay Form](#)

## Related Documents/Policies

- [IRS Publication L.115-97H.R.1 Tax Cut Jobs Act of 2017](#)
- [UVM Travel Policy](#)

## Training/Education

Training will be provided on an as-needed basis as determined by the Approval Authority or the Responsible Official.

## About This Procedure

<b>Responsible Official:</b>	Vice President for Finance and Administration	<b>Approval Authority:</b>	Vice President for Finance and Administration
<b>Affiliated Policy Number(s):</b>	None	<b>Effective Date:</b>	January 1, 2018
<b>Revision History:</b>	<ul style="list-style-type: none"><li>• V. 4.3.17.1 Approved by the President on September 17, 2008</li><li>• Approved by the Vice President for Finance and Administration and University Treasurer October 24, 2012</li><li>• Approved by the Vice President for Finance and Treasurer May 8, 2018</li></ul>		

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