

## Moving and Relocation Expenses

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### 01. POLICY STATEMENTS

- 01.01 This PPS describes the policy and procedure for authorization, payment, and reimbursement of moving and relocation expenses for an eligible Texas State University employee.
- 01.02 Payment for moving and relocations expenses may be authorized only for full-time faculty, principal investigators, technical employees and administrative and professional staff employees at the director level and above.
- 01.03 Prior to making any offer or commitment to pay moving and relocation expenses, approval must be obtained on an [Authorization for Employee Moving Expenses \(Form AP-16\)](#) from the Cabinet Officer of the new employee's department and the Vice President of Finance and Support Services.
- 01.04 The new employee's city of prior residence must be in excess of 100 miles from their assigned designated headquarters at Texas State University.
- 01.05 Payment of moving and relocation expenses may be paid from the following funding sources:
- a. Designated funds,
  - b. Auxiliary funds,
  - c. Restricted gift funds, when their use is authorized by or consistent with donor or grantor intent, or
  - d. Sponsored project accounts, provided approval is obtained from the Office of Sponsored Programs.
- 01.06 State appropriated funds may not be used for payment of moving and relocation expenses.
- 01.07 Moving and relocation expenses shall not exceed an amount equal to one-tenth of the individual's annual salary or \$7,500, whichever is greater. For full-time faculty, "annual salary" is the 9-month salary amount. Account Managers and Cabinet Officers may choose to set lower limits.

- 01.08 If an employee for whom moving and relocation expenses was paid by the university leaves the university within 12 months of his or her appointment date for reasons within his or her control, the individual is required to reimburse the university for the amount of the moving and relocation payment within 90 days of the employee's termination. The hiring department is responsible for collecting the amount from the terminating employee. Amounts reimbursed must be deposited to the original fund that was used to pay the moving and relocation expenses. Amounts not reimbursed within the 90 day period will be reported as taxable income on the employee's final W-2, however; this will not relieve the employee from the obligation to repay the university.
- 01.09 Returning employees must have a break in service of more than five years to qualify for the payment of moving and relocation expenses.
- 01.10 Payments of moving and relocation expenses may be made as a direct payment to a third party vendor of actual expenses, a reimbursement to the new employee of actual expenses, or as a moving allowance.
- a. A direct payment to a third party vendor or an employee reimbursement of actual moving and relocation expenses will be paid, with supporting receipts or invoices, within terms specified under the Internal Revenue Code Section 1.217-2. Qualified expense reimbursements will not be reported as income to the recipient. Nonqualified expense reimbursements will be reported as income to the recipient. See Attachment I for a guide to common qualified and nonqualified expenses.
  - b. A pre-determined moving allowance may be paid without receipts. The total amount of any moving allowance will be reported as taxable income to the recipient, and Federal withholding, FICA and Medicare taxes will be deducted on the recipient's subsequent payroll check. Any required taxes and matching employer contributions will be paid from the same account as the employee's regular compensation.
- 01.11 Reimbursement of travel related moving and relocation expenses must be in accordance with current university travel policy, with the exception of personal vehicle mileage reimbursement which is limited to the current IRS personal vehicle mileage for moving and relocation expenses. Payroll and Tax Compliance will provide the current IRS personal vehicle mileage for moving and relocation expenses upon request.
- 01.12 Expenses for only one pre-move house hunting trip may be reimbursed. House hunting trip expenses are considered nonqualified expenses.
- 01.13 An exception to any provision of this document requires approval by a Cabinet Officer.

## **02. DEFINITIONS**

- 02.01 **Reasonable expenses** are expenses for moving household goods and personal effects or for travel in connection with the move to the extent that the move or travel is by the shortest and most direct route available from the former residence to the new residence, is

by a conventional mode of transportation, and takes the shortest period of time commonly required to travel the distance involved.

- 02.02 **Qualified (nontaxable) moving and relocation expenses** include reasonable moving and relocation expenses for moving a new employee and household members that are supported by receipts or invoices. The expenses must meet the distance test, time test, must be closely related to the start of work, and must be submitted within 60 days of the date the expense was paid or incurred.
- 02.03 The **distance test** is met if the new workplace is at least 50 miles further from the former home than the previous workplace was from the previous home. For example, if the old job was 5 miles from the former home, the new job location must be at least 55 miles from the former home. Meeting the distance test when the move is less than 100 miles does not alter the eligibility provision of Section 01.04.
- 02.04 The **time test** requires that the new employee work at least 39 weeks during the first twelve months after they arrive in the new location. The employee does not have to work 39 weeks in a row, but must work full time within the same general commuting area for all 39 weeks.
- 02.05 Expenses are **closely related to the start of work** when they are incurred within one year of the start date of employment. Cabinet Officer approval must be obtained to pay or reimburse moving and relocation expenses after one year, however; the entire payment will be treated as nonqualified and reported as taxable income to the recipient.
- 02.06 **Nonqualified (taxable) moving and relocation expenses** are any payments that do not meet the requirements to be classified as a qualified moving and relocation expense.

### **03. PROCEDURE FOR OFFERING MOVING AND RELOCATION EXPENSES TO A NEW EMPLOYEE**

- 03.01 Payment of moving and relocation expenses and relocation expenses from university funds for a prospective university employee must be pre-authorized on an [\*Authorization for Employee Moving Expenses \(Form AP-16\)\*](#).
- 03.02 The commitment and dollar amount of moving and relocation expenses authorized must be specified in the offer letter to the prospective employee.
- 03.03 When moving and relocation expenses are to be paid by Texas State, the responsible Account Manager must provide a copy of this PPS to the employee upon receipt of the letter of acceptance of employment from the new employee.
- 03.04 If the prospective employee will be reimbursed for their move, the Account Manager must inform the prospective employee that they must obtain a minimum of two bids for moving household goods. Bids may be informal telephone bids. The prospective employee is not required to use the lower bid, but must document the reason for selection of the moving company chosen.

**04. PROCEDURE FOR PROCESSING PAYMENT REQUEST**

- 04.01 The department's Account Manager is responsible for initiating the reimbursement or payment of moving and relocation expenses for a new employee. The [Authorization for Employee Moving Expenses \(Form AP-16\)](#) must be attached to all related payment requests.
- 04.02 If the moving and relocation expenses are paid directly by the university, the Account Manager is responsible for obtaining written bids. In lieu of obtaining bids, Account Managers may utilize a Texas State preferred vendor who is already under contract with Texas State. Human Resources maintains a list of these preferred vendors. The Account Manager is also responsible for creating a Purchase Requisition according to university purchasing requirements.
- 04.03 Reimbursement requests must be submitted on an e-NPO. Official estimates, receipts and invoices must be attached as support to the e-NPO. Mileage will be reimbursed at the IRS-mandated rate at the time of the move. For mileage reimbursement, the support must include the name of the traveler, the purpose of the travel, the distance traveled, a map or odometer readings, the dates, the mileage rate, and the total.

**05. PROCEDURE FOR PROCESSING TAXABLE MOVING EXPENSE PAYMENTS**

Accounts Payable will forward any reimbursement of moving and relocation expenses or any moving and relocation allowances to Payroll and Tax Compliance prior to payment. Payroll and Tax Compliance will review the payment to determine nonqualified amounts and will report any such amounts as taxable income to the recipient. Payroll and Tax Compliance will include any taxable amounts on the employee's subsequent payroll check, and payroll taxes, including Federal withholding, FICA and Medicare will be deducted from the recipient's next paycheck with matching employer contributions.

**06. LINKS**

- [IRS Publication 521 \(Moving Expenses\)](#)
- [Travel Office Webpage](#)
- [TSUS Rules & Regulations](#)

**07. MAJOR RESPONSIBILITIES ASSOCIATED WITH THIS PPS**

Major responsibilities for routine assignments associated with this PPS include the following:

<u>Positions</u>	<u>Section</u>
Director of Accounting	Review
Assistant Director of Accounting	Review
Director of Payroll and Tax Compliance	Review

**08. CERTIFICATION OF STATEMENT**

This FSS/PPS has been approved by the following individuals in their official capacities, and represents FSS policy and procedure from the date of this document until superseded.

Director of Accounting

Associate Vice President for Financial Services

Vice President for Finance and Support Services

Approved: \_\_\_\_\_  
Director of Accounting

Approved: \_\_\_\_\_  
Associate Vice President for Financial Services

Approved: \_\_\_\_\_  
Vice President for Finance and Support Services

**Texas State University**  
**Examples of Qualified and Nonqualified Moving and Relocation Expenses**

Description of Expense	Qualified (Nontaxable)	Nonqualified (Taxable)
Cost of one trip from the former home to the new home for the new employee and members of the household. The new employee and the members of the household do not have to travel together or at the same time.	✓	
Costs for travel by car from the former home to the new home for either mileage at the current IRS rate or actual expenses, but not both.	✓	
Moving and transportation expenses paid to move household items from the former home to the new home.	✓	
Costs of moving household possessions from either the former home or a place other than the former home, but is limited to the amount it would have cost to move them from the former home.	✓	
Costs of connecting or disconnecting utilities required because of moving household possessions.	✓	
Storage and insurance expenses within any period of 30 consecutive days after the days the things are moved from the former home and before they are delivered to the new home.	✓	
Lodging expenses in the area of the former home within one day after the employee could no longer live in the former home because the furniture had been moved.	✓	
Any part of the purchase price of the new home		✓
Car tags		✓
Driver's license		✓
Expenses of buying or selling a home (closing costs, mortgage fees or points)		✓
Expenses of entering into or breaking a lease		✓
Home improvements to help sell the old home		✓
Loss on the sale of a home		✓
Losses from disposing of memberships in clubs		✓
Mortgage penalties		✓
Real estate taxes		✓
Refitting of carpet and draperies		✓
Return trips to the former residence		✓
Security deposits		✓
Storage charges, except those incurred in transit		✓
Pre-move house hunting trips		✓

**Note:** Examples given are representative of common moving and relocation expenses. The actual determination of a qualified or nonqualified status is subject to evaluation at the time of payment processing. Some expenses listed as qualified may be deemed nonqualified based on the facts and circumstances. This list is not all inclusive and other qualified expenses may exist and be allowed.