

## UCR Policies and Procedures

**Policy Title: Moving and Relocation Expense Reimbursements for Academic Employees**

**Policy Number: 650-31**

<b>Responsible Officer:</b>	Associate Vice Chancellor of Business & Financial Services and Controller
<b>Responsible Office:</b>	Business and Financial Services – Accounting Office
<b>Date of Revision:</b>	09/01/2019
<b>Date of Last Review:</b>	09/01/2019
<b>Origination Date:</b>	02/01/2008
<b>Scope:</b>	<p>This policy applies to the payment and taxation of Moving and Relocation expenses for the University's academic positions in accordance with Business and Finance Bulletin <a href="#">G-13</a> and the Academic Personnel Manual Sections <a href="#">550</a>, <a href="#">560</a> and <a href="#">561</a>.</p> <p>Moving and Removal expenses for staff employees are covered by UCR P&amp;P 650-32.</p>

## I. Overview

To attract and retain the most qualified employees, the University on occasion provides reimbursements for certain moving expenses, depending on the situation (e.g., new recruitments, transfers), the employee's geographic location, and availability of funding. New tax laws effective from January 1, 2018 through December 31, 2025 require the taxation of many of these benefits. Therefore, based on lessons learned in calendar year 2018, effective January 1, 2019, UCR will gross up all allowable reimbursements by 30% (up to \$3,000) to minimize the impact of taxable benefits (i.e. imputed income) on these eligible employees' net pay.

Business and Finance Bulletin [G-13](#) Policy and Regulations Governing Moving and Relocation sets forth the University-wide policy governing the payment of these expenses. This local implementing procedure, 650-31, describes UCR's transactional processing procedures for moving and relocation of academic employees.

## **II. Eligibility for Moving and Relocation Expense Reimbursements**

Refer to the UC Business & Finance Bulletin G-13, APM 550, APM 560, and APM 561 to determine if an academic employee is eligible for a moving and relocation expense reimbursement. Payment of relocation expenses is provided for certain new appointees to academic positions. These payments are not provided automatically and should not be presumed. Agreement to pay relocation assistance for academic employees requires pre-approval by the organizational unit head or next higher level.

## **III. Allowable Moving and Relocation Expenses**

Refer to the UC Business & Finance Bulletin G-13 and Academic Personnel Manual 550, 560 and 561 for moving and relocation expenses that are allowable and eligible for reimbursement, as reimbursements can vary depending on the situation, the employee's position, and availability of funding.

## **IV. Income Tax Reporting**

Amounts paid for moving and relocation expenses from January 1, 2018 through December 31, 2025, whether or not paid directly to an employee, are includible in an employee's gross income, subject to withholding of federal income, social security, and Medicare taxes. Such amounts must be tax coded for reporting on the employee's W-2 for moving expense payments through December 31, 2025 under I.R.C. Sections 217(k) and 132(g)(2).3. Not all moving and relocation expenses are subject to California income tax. Business & Finance Bulletin [G-13](#) should be referred to for determining the tax reporting requirements in accordance to IRS regulations. Appendix A of this policy outlines the taxability changes of certain items.

To minimize the impact of these tax changes on net pay of employees offered moving and relocation assistance, effective January 1, 2019, an additional payment to the employee (i.e. gross up) of 30% will be applied to all taxable moving and relocation costs up to a total of \$3,000 per employee. The cost of the 30% gross up will be borne by the employee's department. In addition, whenever possible, reimbursements processed after September 1, 2019, will be paid via the UCPath system.

## **V. UCR Procedure - Moving and Relocation Expenses**

### **A. Authority to Approve Moving and Relocation Expenses**

The authority to approve academic moving and relocation expense reimbursements that are in accordance with Business & Finance Bulletin G-13 has been delegated to the Chancellor; this authority has been re-

delegated to Provost/EVC and Deans for their respective organization. UCR has instituted a maximum reimbursable moving and relocation expense amount of \$10,000 for academic; taxable moving and relocation expenses will automatically be grossed up by 30% (not to exceed \$3,000). The employee's department has the discretion to recommend reimbursement amounts up to the \$10,000 limits to their respective Dean. The 30% gross up (up to \$3,000) will be automatically applied and is not at the department's discretion.

The 30% gross up is provided to minimize the impact on an employee's net pay; departments should consider the gross up amount when authorizing moving and relocation benefits to new employees as this expense will be borne by the department. All reimbursements to the employee must be specified in writing and will be processed via UCPath, when possible, so the related taxes can be withheld and reported on the employee's W2.

Exceptions: Approval of a reimbursement that is an exception to policy or exceeds \$10,000 must be routed through the respective organization unit head (e.g. Dean, Vice Chancellor) for approval. The Dean should evaluate if such exceptional reimbursement is necessary for the recruitment of the most qualified employees in that particular profession. The request for an exception should be made in advance in writing and must specify the purpose, special circumstances, applicable dates, and name of the individual. Please note exceptions to the gross up amount are not permitted.

#### **B. Source of Funds/Forms**

As a general rule, moving and relocation expense reimbursements for academic employees are typically recorded and funded on the same activity, fund, and function as that used to pay the employee's salary. See APM 550, 560 and 561 for additional restrictions

#### **C. Notifying Employee**

After securing the appropriate approvals for moving and relocation costs, the Hiring Department should inform the employee of the related policies and limitations at the earliest possible date, preferably in the offer letter (see sample language in Appendix B). The employee must also be advised that all family and household moving and relocation expenses are taxable. Employees can make their own moving and travel arrangements for themselves and their family members. Reimbursement of allowable costs will be made upon submission of an approved Moving and Relocation Expense Reimbursement form with required receipts. \*A list of

moving companies offering UC discounts to employees is available from Procurement.

When a purchase order is used for relocation expenses, the personal portion of the move must be clearly separated from the non-taxable relocation of equipment and property to be transferred to UCR.

#### **D. Reimbursement**

Application for reimbursement for moving expenses should be made on the Moving and Relocation Expense Reimbursement Form (available on the Accounting Office website). A single Moving and Relocation Expense Reimbursement form is required to provide a final accounting of the moving/relocation expenses, initiate reimbursement of related out-of-pocket costs, and enable proper tax reporting. Employees should submit reimbursement requests immediately after the move, and approved requests must be submitted to the Accounting Office within 60 days. Delinquent request may jeopardize reimbursement.

Original receipts must be supplied for claims of allowable expenses.

Reimbursement requests will be reviewed by Accounts Payable and payments will be processed in UCPath with the gross up outlined above to ensure proper tax withholding and reporting.

#### **VI. Feedback and Additional Information**

If you have questions or comments on interpreting or applying this procedure, please contact the Accounting Office.

#### **VII. Other Policy References**

- [Business and Finance Bulletin G-13, Policy and Regulations governing Moving and Relocation](#)
- [Business and Finance Bulletin G-28, Policy and Regulations governing Travel](#)
- [Academic Personnel Manual, Section 550: Recruitment, Moving Expenses for Intercampus Transfer](#)
- [Academic Personnel Manual, Section 560: Recruitment, Removal Expenses/General](#)
- [Academic Personnel Manual, Section 561: Recruitment, Removal Expenses/Assistants](#)
- [IRS Publication 521- Moving Expenses](#)

## Appendix A: Taxability

### Types of Allowable Expenses (see policy BFB G-13, APM 550, APM560, and APM 561 for specific limitations)

Standard Expense Types:	Taxable Income Pre-2018	Taxable Income Effective 1/1/18
Packing, crating and unpacking of household goods and personal effects	No	Yes
Transporting household goods and personal effects by professional movers	No	Yes
Packing, crating, unpacking, and transporting a library, office or lab that is transferred as UCR property (must be quoted and invoiced separately from household goods and library, office or lab items that are NOT considered UCR property)	No	No
Transporting household goods and personal effects by rental truck; fuel may be claimed separately	No	Yes
Insurance of household goods and personal effects while in transit	No	Yes
Driving or shipping up to two personal vehicles	No	Yes
One-way economy/coach class airfare for all household members	No	Yes
One time ground transportation from former residence to the airport and from the airport to the new residence or temporary lodging	No	Yes
Rental car if personal vehicle is shipped	Yes	Yes
If driving, lodging while en route, up to the daily CONUS lodging limit	No	Yes

Meals for all household members while en route, up to daily CONUS M&IE limit per (this is not a per diem)	Yes	Yes
Furnished temporary lodging and meals for up to 30 days, not to exceed daily CONUS limits	Yes	Yes
Storage of household goods and personal effects for up to 30 days (90 days for SMG) after removal from prior residence	Yes	Yes
Connecting and disconnecting utilities, excluding deposits	Yes	Yes

<b>Non-standard Expenses Requiring Approval from the designated Organization Head or next higher level (regardless of the dollar amount):</b>	<b>Taxable Income Pre-2018</b>	<b>Taxable Income Effective 1/1/18</b>
Packing, crating, unpacking, and transporting a library, office or lab that is NOT University property <ul style="list-style-type: none"> <li>Must be quoted and invoiced separately from transfer of university property</li> </ul>	No	Yes
Relocation services, e.g., home search assistance	Yes	Yes
House-hunting trip	Yes	Yes
SMG only: Up to two return trips to former residence to help with the move	Yes	Yes
Selling costs within policy limits directly associated with the sale of the former residence	Yes	Yes
Lease settlement costs within policy limits	Yes	Yes

## **Appendix B: Proposed Language to Insert on Academic Position Offer Letter When Moving and Relocation are Included:**

*The University will pay the allowable expenses for moving and relocation expenses associated with your household goods and professional items (e.g. library, laboratory, office materials) to the Riverside area (this designation is within 90 miles of the campus), if the conditions of Campus Policy 650-31 and IRS Publication 521, Moving Expenses are met, up to a maximum of [\$X,000]. For example, the University will reimburse expenses incurred in moving your dependents to the Riverside area via air coach, automobile, or other means of transportation, up to the equivalent of the most economical air coach fare. The Department can arrange for the hire of a moving company when you have determined the time and place of your move.*

*Please note certain expenses paid by the university related to your moving/relocation must be reported on your W2 as a taxable fringe benefit and are subject to federal tax withholding. To assist with the tax burden, the University will provide an additional payment of 30% [up to \$XXX] based on the actual eligible moving and relocation costs. You are strongly encouraged to consult with your personal tax advisor. For more information, please refer to: UC Business and Finance Bulletin G-13 (<https://policy.ucop.edu/doc/3420347/BFB-G-13>), UCR Policy & Procedure 650-31, and IRS Publication 521 (<https://www.irs.gov/newsroom/tax-reform-brings-changes-to-qualified-moving-expenses>)*