

Procedure 20345: Moving and Relocation Expenses

Effective 1/1/18, this procedure is under revision due to the new Federal Tax Laws which resulted in all moving and relocation reimbursements being taxable income to university employees. New guidance will be available soon. University department should communicate to new employees that all moving and relocation payments are 100% taxable effective 1/1/18.

The university may reimburse moving and relocation expenses in accordance with the Commonwealth of Virginia and Internal Revenue Service (IRS) policies and regulations. Regulations, limitations, and required approvals are described in this procedure.

A. Eligibility

The employee being reimbursed must be a salaried employee of the university in a full-time position. The appropriate vice president, dean or department head must approve the Employment Relocation Agreement. To be eligible for reimbursement, the employee's relocation must meet all of the following conditions:

- **Availability of Qualified Applicants.** The university must ascertain that the new employee is the best qualified applicant or State employee available to fill the position.
- **At Employer's Request.** The relocation must be at the request of the university and for the good of the State service as determined by the department dean or vice president. Expenses will not be reimbursed when the move is at the request of, or for the convenience of, the employee.
- **Distance.** The distance between the employee's new work location and the former residence must be 50 miles greater than the distance between the employee's old work location and the former residence. The employee's commuting distance must have increased by at least 50 miles one way. The 50 mile threshold is set by the IRS. In the event that the Controller's Office approves a move less than 50 miles, the reimbursement will represent taxable income to the recipient.
- **Permanent.** The employee must be reasonably expected to work on a regular full-time basis in university service for at least 1 year, commencing on the date that the employee starts work on a regular basis at the new location.

Note: If the **employee's spouse** is a university employee and otherwise eligible for moving and relocation expenses, reimbursements of any such expenses **will be paid to one employee only and to move the primary household only** to the new location.

B. Employment Relocation Agreement

Any employee to be reimbursed for moving and relocation expenses must execute an Employment Relocation Agreement with the university before any such expenses are incurred. The agreement will specify that:

- The employee must remain employed in university service on a regular full-time basis for at least one year, commencing on the date that the employee starts work at the new location.
- If the employee discontinues university employment before the obligated one year of service, the employee will refund to the university the gross amount of moving and relocation reimbursements, i.e., actual payments received by the employee and any payments to third parties on the employee's behalf, plus all taxes deducted that relate to those payments. The amount to be repaid will be prorated on a monthly basis such that for each full month during which the employee remains in the employ of the department, the amount to be repaid will be reduced by one-twelfth (1/12) of the gross reimbursement.
- Repayment may be waived if university employment is terminated for reasons beyond the employee's control and acceptable to the university.

C. Reimbursement Rules and Guidelines

Payments for reimbursable moving and relocation expenses and related taxes, if any, must be funded from the budget of the university department hiring the employee.

When the university provides moving and relocation reimbursement from state or local funds, the maximum dollar amount is limited to \$11,000 plus the actual costs for common carrier transportation and storage of household goods for up to 30 days. The \$11,000 limit includes all gross reimbursements, i.e., actual reimbursements paid to the employee, costs incurred when an employee chooses to move himself/herself, all payroll taxes deducted that relate to the reimbursements, and the employer's share of FICA taxes. A maximum limit is not placed on expense reimbursement or costs related to use of a common carrier for transportation and storage. However, these expenses must be reasonable and necessary in order to be approved for payment by the University Controller's Office.

Depending on each department's internal policy, the department head, dean, or vice president is responsible for approving moving and relocation agreements with reimbursement amounts up to the maximum state limits described in the preceding paragraph. If a department has Virginia Tech Foundation funds, they may request an exception to these dollar limits from the VP for Finance and Chief Financial Officer.

Payments will be made in accordance with IRS regulations. Moving expenses excluded from taxable income are defined as the reasonable cost of:

- Moving household goods and personal effects from the former residence to the new residence (this includes common carrier); and
- Traveling (including lodging but not meals during the period of travel) from the former residence to the new place of residence.

All other expenses listed in this procedure may be reimbursed but with the appropriate taxes withheld. All expenses will be reimbursed to the employee through the payroll system.

Since expense accounts are open for public examination, discretion is advised at all times when incurring and reporting expenditures of public funds. University employees and management should take necessary steps to ensure that all reimbursements are thoroughly documented and reviewed in every case.

D. Employee Responsibilities

Unless otherwise specified, all expenses submitted for reimbursement must be actual, reasonable, necessary, and within university guidelines as stated below. Each employee eligible for moving and relocation expense reimbursement is responsible for:

- Completing the Employee Moving and Relocation Expense form to submit with each reimbursement request;
- Obtaining original receipts and other documents that are necessary to support all claims for reimbursement;
- Submitting claims within 30 days after moving into the new permanent residence, but no later than 12 months after beginning employment at the new location. In the event that a move is not completed within 12 months after beginning employment, an exception for an additional 12 months should be requested from the departmental authorized approver. An extension of only 12 months after the initial 12 months can be approved by the departmental authorized approver. This approval should be documented and submitted to the Controller's Office with the reimbursement request; and
- Remaining an employee of the university for a period of at least one year. Otherwise the repayment of all or a portion of the moving expenses must be made in accordance with the Employment Relocation Agreement signed by the employee.

E. University Responsibilities

The following university offices are responsible for:

- Hiring department/college:
 - Notifying the new employee of the moving and relocation procedures and limitations; and
 - Entering into an agreement to reimburse moving and relocation expenses.
- Accounts Payable in the Controller's Office:
 - Reviewing reimbursement requests in accordance with state and IRS guidelines;
 - Providing support and answering questions concerning this policy;
 - Making payments to contract common carriers (commercial moving companies) for actual carrier transportation through a HokieMart requisition submitted by the department. (No other third party payments will be made for moving and relocation expenses. The employee must make all other payments and request reimbursement on a reimbursement request); and
 - Determining additions to the individual's taxable income and nontaxable payments to be reported to the Internal Revenue Service for payments made by the university as well as by the Virginia Tech Foundation.
- Payroll in the Controller's Office:
 - Retaining a copy of the Employee Relocation Agreement;
 - Initiating repayment proceedings if the terms of the Employee Relocation Agreement are not met;
 - Including the authorized amount of taxable moving and relocation expenses in the gross income and deducting applicable taxes; and
 - Reporting the non-taxable amount of the reimbursement on the W-2 as required by the IRS and not including it in gross income on the form.

F. State Comptroller Responsibilities

The State Comptroller is responsible for:

- Reviewing expense accounts, pursuant to Section 2.1-227 of the Code of Virginia; and
- Reviewing the allowable rates and reimbursable expenses and limits in the regulations at least annually and revising as needed.

G. Expenses Incurred and Supported

Expenditures to be reimbursed must be reasonable and necessary. The expenses must be incurred after the employee executes an employment relocation agreement and they must be reported within 12 months of the date the employee starts work at the new location. Reimbursement is limited to the following expense categories:

- House hunting
- Temporary quarters
- Home sale
- Purchase of home
- Cancellation of lease
- Travel (actual move to new job location)
- Transportation (household and personal goods)-only one move allowed
- Storage

G.1 House Hunting

House hunting expenses apply to both the employee and spouse. They may be incurred while traveling to and from the new job location and while looking for new living accommodations. They include the cost of transportation, meals, and lodging and are subject to the state and university travel rules, regulations, and limits. The employee may claim these expenses only if the travel begins after an employment agreement is signed and travel is primarily to look for a place to live.

Only three trips for the employee and three trips for the spouse are reimbursable; up to 15 nights of lodging are reimbursable. A night of combined lodging for both the employee and spouse counts as one night.

The cost of transportation includes parking fees and tolls, plus actual expenses, such as gas and oil (but not depreciation) for the use of car. Accurate records of each expense must be kept and the original receipts attached to the travel voucher. In lieu of actual costs, reimbursement can be paid at the maximum allowable mileage rate in effect at the time of travel.

G.2 Temporary Quarters

If the employee cannot move directly into a new residence, reimbursement for reasonable lodging or rent may be claimed for a period of ninety (90) days. Temporary quarters can be obtained up to thirty (30) days prior to the first day of employment. Reasonable residential parking fees will be reimbursed during the 90 days of temporary quarters. Expenses for meals may be claimed for the first thirty (30) days of residence in temporary quarters. Such expenses must be reasonable, necessary, and in accordance with State travel regulations. Transportation, entertainment, living and other personal expenses of the employee and family are not reimbursable.

G.3 Home Sale and Lease Cancellation

The following expenses related to the sale of a principal residence or lease cancellation due to moving and relocating are reimbursable:

- Actual expense of real estate commissions

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- Attorney's fees
- Escrow fees
- Pest inspections
- State transfer taxes

The following expenses are not reimbursable:

- Sales commissions and similar expenses if the employee acts as a selling agent (closing and legal costs are allowed)
- Buyer's closing costs
- Advertising and "fix-up" costs
- Loss sustained on sale of residence
- Real estate and capital gains taxes
- Payment and repayment of interest
- Mortgage penalties and buyer's closing costs
- Points or loan payment charges that are negotiable

G.4 Purchase of Home

Certain expenses related to the purchase of a home, incurred by an employee relocating to a new work place, will be reimbursable. To qualify for reimbursement of these expenses, the relocated employee must have owned a primary residence at his/her prior location, which due to relocation resulted in sale of the residence. A copy of the settlement statement on the sale of the primary residence in the prior location must be provided before any reimbursements can be made on the purchase of a new primary residence. Reimbursement will not be approved for the purchase of a second residence, investment property, business property, or resort/vacation property at the new work station. Specific expenses will be reimbursed with the submission of supporting documentation, such as the U.S. Department of Housing and Urban Development Settlement Statement (HUD-1) that is signed by the buyer and seller. These specific expenses are reimbursable:

- VA funding fee
- Origination fee or lease processing fee
- Survey fee
- Appraisal fee
- Credit report
- Home Inspection Fee (Limit 1)
- Title search

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- Recording fee
- Title Insurance
- Attorney fee
- Notary Fees

The following expenses are not reimbursable:

- Utility deposits and/or connection fees
- Real estate taxes, prepaid or otherwise
- Capital gains taxes
- Mortgage loan differential
- Realtor fees related to purchasing
- Remodeling or decoration expenses
- Points, discount fees, or loan payment charges
- Repair and maintenance costs
- Homeowner insurance
- Private mortgage insurance
- Permit fees such as building, sewer and zoning
- Deposit for rent
- Laundry or dry cleaning while on temporary quarters
- Homeowners Warranty Fees

G.5 Travel (Move to new location)

Travel expenses relating to moving and relocation are eligible for reimbursement according to State Travel Regulations and are limited to the initial trip.

When the employee and family are traveling to the new home, expenses for in-transit meals and lodging are reimbursable. Transportation expenses include parking and tolls, plus actual expenses such as gas and oil (but not depreciation) for the use of personal car. Accurate records must be kept of each expense and original receipts attached to the travel voucher. In lieu of actual costs, payment can be made at the maximum allowable mileage rate in effect at the time of travel. The employee's family includes any dependent that normally resides in the household and moves to the new location.

If the employee must vacate the old residence due to furniture being moved, one day's meals and lodging at the former location is reimbursable. Expenses are also reimbursable for the day of arrival at the new home.

Travel reimbursement does not include automobile rental, except for house hunting purposes.

G.6 Transportation and Storage of Household Goods and Personal Effects

The actual costs paid for carrier transportation of the employee's household goods and personal effects from the former residence to the new residence are reimbursable. Reimbursement is limited to only one move of household goods/personal effects. A maximum of 30 days temporary (in-transit) storage of household goods is also reimbursable if the employee cannot move directly into the new residence. Employees who receive common carrier services cannot also be reimbursed for "Do-It-Yourself" moves as described in the next sub-paragraph.

Costs related to moving and relocation not specifically allowed in these regulations are not reimbursable. The following expense items are not considered as valid moving and relocation expenses and are not reimbursable:

- Insurance in excess of bulk rate coverage provided by the Common Carrier.
- The cost to transport recreation vehicles such as yachts.
- The cost to move a pet.

The university has moving service contracts with several companies. New employees should contact one or two of the following companies to secure moving services. They should explain that they are requesting service as a new Virginia Tech employee and will be moving using the terms of the moving service contract with the university.

Contract Moving Companies:

Apple Transfer, Inc. (Arpin Van Lines)

Contact: Jane Swift, 800-927-7539

Contract Number: VTS-426-2017

Dunmar Moving Systems (Allied Van Lines)

Contact: Page Warner, 540-553-5468

Contract Number: VTS-425-2017

Lawrence Transportation (United Van Lines)

Contact: Ginger Hultquist, 800-336-9626 Ext. 4559

Contract Number: VTS-424-2017

Wheaton World Wide Moving (Bekins Van Lines)

Contact: Dave Belford, 800-932-7799 Ext 369 or 317-558-0369

Contract Number: VTS-423-2017

G.7 Do-It-Yourself Moves

If the employee chooses to move himself/herself, the amount of the actual costs allowed will be included in the limitation. (Employees who request reimbursement for rental vehicle transportation cannot also request payment for common carrier expenses.) Actual costs are reimbursable within the \$11,000 total limitation with appropriate documentation.

The following are allowed:

- Moving vehicle rental.
 - Moving van, truck, trailer, hand truck, or other appropriate moving equipment, vehicles and supplies are reimbursable with rental company receipt. Purchase of such a vehicle or equipment is not reimbursable. Only one truck trip is reimbursable.
 - Rental of bicycle racks, trailer hitches, etc., is reimbursable; however, purchase of such equipment is not reimbursable.
- The purchase of moving supplies, such as packing paper, boxes or cartons, may be reimbursed with appropriate receipts.
 - The amount of such purchases must not exceed \$500.
 - Gas used by a rental truck during the move is reimbursable with proper receipts.
- Labor used during the move - reimbursement is limited to a reasonable hourly wage with the maximum total being \$500.
 - Labor provided by the employee or immediate family member(s) is not reimbursable.
 - A receipt from the individual employed with amount paid and signature must be attached to the reimbursement request.
- Tolls paid during the move are reimbursable provided the name of the facility (road, bridge, or tunnel) is provided.

G.8 Miscellaneous Expenses Allowance

Actual miscellaneous and incidental expenses associated with relocating an employee's household are NOT reimbursable (for example: babysitting, disconnecting and connecting appliances and utilities, care of pets, removing and installing antennas, carpet and draperies, and general cleaning).

H. Processing Reimbursement

Employees must be added to the payroll system prior to any payment of moving expenses. Therefore, payment of moving expenses prior to the actual first date of employment is limited to payments to the third party common carrier.

All employee reimbursements for moving and relocation expenses are submitted on a travel reimbursement request in the Banner Travel & Expense Management (TEM) system. Payments that need to be issued to third party moving companies should be entered as a [direct pay](#) in HokieMart.

[The Employee Moving and Relocation Expense Summary Form](#) should be initiated by the employee. Each summary form submitted must be numbered consecutively and the cumulative totals forwarded to the latest summary to reflect the total reimbursement to date. The department and the employee should keep a copy of each summary form for their records. An image of this form should be attached to the reimbursement request.

A copy of the [Employee Relocation Agreement](#) must be attached to the first reimbursement request submitted for payment. The original agreement should be kept in the department.

I. Expense Reporting

I.1 Reimbursements

All expenses must be itemized on a travel reimbursement request in the TEM system. The request should include an image of the Employee Moving and Relocation Expense Summary form, the Employee Relocation Agreement (first reimbursement request only), and all receipts supporting moving and travel expenditures. The request is routed electronically for departmental approvals and forwarded electronically to the University Controller's Office.

I.2 Common Carrier Payments

The university may pay third party commercial moving companies directly. The department fiscal office must receive the invoice from the carrier. The department submits an updated Employee Moving and Relocation Expense Summary form, a copy of the Employee Relocation Agreement, and the vendor's invoice. Payment is made directly to the common carrier through Hokie Mart as a direct pay.

I.3 Payment

The University Controller's Office reviews all requests for completeness of documentation and makes payment as follows:

- All payments for taxable and non-taxable moving and relocation expenses are paid through the payroll process with applicable taxes withheld; and
- Payments to third parties are paid through accounts payable.