Taxable Relocation Expenses

OVERVIEW
Federal law requires that employees pay taxes on certain relocation expenses. (P.L. 103-66) The University is required to report all relocation expenses (taxable and nontaxable) on employees' W-2 forms.

Taxable Expenses
Taxable expenses are listed below and are shown with nontaxable expenses in BPPM 70.60. Refer to BPPM 70.61 to process reimbursement for nontaxable moving expenses. Taxable expenses include the following if paid or reimbursed by the University:

- All meal expenses incurred while moving from the old residence to the new residence.

  Meal expenses incurred after arrival.

- House hunting trips prior to move: Travel expenses, e.g., transportation including airfare, auto rental, mileage, meals, and lodging for the new hire.

- Costs for maintaining a temporary residence in the area of the new job. Includes lodging at the new location except for the first night.

- Storage charges accruing after 30 days of storage except for those incurred in-transit and for foreign moves.

Source of Funds
Most taxable relocation expenses are to be paid from 17A (discretionary) accounts only. The following taxable relocation expenses may be supported by state funds as well as discretionary accounts:

- Costs for storage between 30 and 60 days

- Meals

- Relocation allowances that do not exceed the total of the applicable maximum daily lodging rates for one person

PROCESSING EXPENSES
The employing department initiates payment of taxable relocation expenses by completing and submitting an approved Relocation Expense Request to Travel Services.

Payroll Services processes taxable relocation expenses as additional compensation to the employee paid in a regularly scheduled paycheck.

Obtain the Form
The employing department processes a Relocation Expense Request to request payment of taxable relocation expenses.
### Taxable Relocation Expenses

#### Completion Instructions

<table>
<thead>
<tr>
<th>Enter Expenses</th>
<th>Enter all relocation expenses to be paid from the supporting account in the appropriate boxes. Expenses may be entered as employee reimbursement, direct vendor payments, and/or as a relocation allowance.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursement to Employee</td>
<td>If the expenses are direct reimbursement to the employee, complete the blocks in the upper middle of the form.</td>
</tr>
</tbody>
</table>
| Direct Vendor Payment | Complete the blocks in the lower middle of the form for direct vendor payment as follows:  
  - If the vendor has already been paid also indicate the supporting University account under **Fund/SFund/Prg/Proj**.  
  - If the vendor has not yet been paid, attach the vendor’s invoice to initiate payment. |
| Relocation Allowance | Complete the blocks near the bottom of the form to initiate a relocation allowance. |
| Authorization | An authorized official approves payment of the expenses (**BPPM 70.02** and **70.33**). |
| Route to Travel Services | Route the completed and approved form to Travel Services. |
Taxable Relocation Expenses

Payroll Processing

Income taxes, social security, and Medicare taxes are deducted from the employee’s paycheck. The indicated account will be charged for matching contributions for social security and Medicare.

Payroll Services reports taxable relocation expenses as gross income (IRS W-2 form boxes 1, 3, 5). Payroll Services records earning types as MOV, MOF, or FMV in the Departmental Payroll Processing Application. The subobject/object is assigned as MV07 (BPPM 55.22).