

Taxation and Reporting for Moving Expense Support Procedure

Effective Date: October 7, 2021

Function: Finance

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Basis for Procedure

The Research Foundation for SUNY (“RF”) must ensure that moving expense support or reimbursement payments to employees are in compliance with RF policy and applicable Internal Revenue Service (“IRS”) rules, as outlined below.

Procedure Summary

This procedure describes the steps needed to ensure that Moving Expense Support Payments or Reimbursements are properly documented, taxed and/or reported.

Procedure

Step	Role or Responsibility	References or Tips
Identify moving expenses planned, paid or provided. Confirm that an agreement has been negotiated and established for relocation expense support and or reimbursements.	Campus Administrator	
Complete Moving Expense Reimbursement Request and Authorization Form or campus equivalent, and compile required supporting documentation.	Campus Administrator	Use of form is required to capture the taxable and reportable amounts.
Evaluate the proposed moving expenses to ensure they will meet the Time & Distance Test, and other criteria as outlined below.	Campus Administrator	
Determine the value of the moving expense. Per RF policy the reimbursement amounts for all moving expenses may not exceed costs on moving 12,000 lbs.	Campus Administrator	
Obtain required signatures including signature of employee, project director or designee, and Operations Manager (at a campus)/Vice President (at RF Central Office) or designee.	Campus Administrator	
If the employee is an RF Employee:		
Route Moving Expense Reimbursement Request and Authorization Form , or campus equivalent, to the campus payroll office.	Campus Administrator	
Log into Oracle	Campus Payroll Staff	

<p>To enter into Oracle:</p> <ul style="list-style-type: none"> - Open the individuals People form. - Click the Assignment button to open the Assignment form. - Click the Entries button to open the Element Entries form - Add the appropriate element to the individual's record. Select Move Exp NQual Direct for payments made directly to the employee. Select Move Exp NQual Imp for imputed payments (not directly to the employee) made to third parties, such as moving companies, on behalf of the employee. - Click Entries to open the Entry Values form. - Enter the amount. 	<p>Campus Payroll Staff</p>	
If the employee is a SUNY employee:		
<p>Consult with the RF central office when this activity is identified.</p>	<p>Campus Administrator</p>	<p>Contact payroll@rfsuny.org</p>
<p>Consult with SUNY HR office staff to ensure that:</p> <ul style="list-style-type: none"> - SUNY policy and procedures for relocation support and reimbursements have been followed. The RF should not be the primary support. RF should only be involved if supplemental to the SUNY Policy and procedure; and - Moving expense payment is consistent with sponsor requirements. 	<p>Campus Administrator</p>	<p>SUNY is a separate employer and processing must be reviewed first for consistency with SUNY policies, procedures and practices. Refer to the Non-Salary Payments Policy. For more information on the Ethics laws, see the SUNY Compliance website and JCOPE.</p>
<p>Route Moving Expense Reimbursement Request and Authorization Form, or campus equivalent, to the RF central office at payroll@rfsuny.org.</p>	<p>Campus Administrator</p>	<p>The RF central office needs required tax and reporting information for year-end W-2 reporting, such as a social security number (SSN). As the office of record, the operating location must keep the original backup.</p>
<p>Review Oracle payroll records to determine if the employee is a previous RF employee:</p> <ul style="list-style-type: none"> - If yes – central office establishes the assignment with a “term process pending” status. - If no – continue to the next step 	<p>Central office payroll</p>	
<p>Set up a SUNY bi-weekly assignment and complete all required new hire paperwork, or continue with the RF assignment in “term process pending” status</p>	<p>Central office payroll</p>	<p>IMPORTANT - A SUNY biweekly assignment was initially set up for Non-RF Non-Salary Payment activity and should not be confused with SUNY</p>

		monthly Income Fund Reimbursements ("IFR".)
<p>To enter a direct payment into Oracle:</p> <ul style="list-style-type: none"> - Open the individuals People form. - Click the Assignment button to open the Assignment form. - Click the Entries button to open the Element Entries form - Add the Move Exp NQual Direct Element to the individuals record. - Click Entries to open the Entry Values form. - Enter the amount - Ensure the SS and Medicare tax is set for withholding. - For RF "term process pending" assignments ensure the income taxes are set to exempt. - Run a quick pay to test for a net effect of \$0.00. - Forward a copy of the form to central office award monitoring team for final action. 	<p>Central office payroll</p>	
<p>To enter a non-direct payment into Oracle:</p> <ul style="list-style-type: none"> - Open the individuals People form. - Click the Assignment button to open the Assignment form. - Click the Entries button to open the Element Entries form - Add the appropriate element to the individual's record. Select Move Exp NQual Imp for imputed payments made to third parties, such as moving companies, on behalf of the employee. - Add the associated deduction element. - Click Entries to open the Entry Values form. - Enter the amount - Ensure the SS and Medicare tax is set for withholding. - For RF "term process pending" assignments ensure the income taxes are set to exempt. - Run a quick pay to test for a net effect of \$0.00. - Forward a copy of the form to central office award monitoring team for final action. 	<p>Central Office Payroll</p>	<p>For payments to third parties (imputed) - This is a transaction to record taxable or reportable support or reimbursements for relocation payments. Since it was extended through a third party, and not RF systems, SS and Medicare must also be part of gross. This solution also requires the grant to be charged for full employee and employer share of SS and Medicare.</p>

Time and Distance Test and Other Criteria:

The initial rules of eligibility are called the Time and Distance Tests:

Time test - The employee must work at least 39 weeks full-time in the first year after arriving in the new location. Work is defined as any work, full-time in the general vicinity of the new job location. Reimbursement should only be offered to employees whose planned work schedule will meet the time test.

Distance test - The new job is at least 50 miles farther from the former home than the old job location was from the former home

In Addition:

- The individual must be an employee.
- The claim must be substantiated (receipted / documented) and submitted within 60 days of the effective date of the primary relocation and or any subsequent / final moves related to the agreement. The IRS does not provide a specific timing and infers it could be depended on the move facts and circumstances within the agreement. See "Delayed Moving" later for more information on timing.
- The items moved must be considered reasonable - household and personal goods. Household and personal goods include for example reasonable items of furniture (couches, lamps), furnishings, clothing, appliances, tools, and equipment (lawn mowers, etc.).
- The sponsor must allow the expenditure(s).
- Funds must be available to cover the expenditure(s).
- Total reimbursement for all moving expenses may not exceed the costs and limits for moving 12,000 lbs.
- The travel costs between the former and the new residence must be calculated using the shortest and most direct route. **Additionally-** the standard mileage reimbursement rate is different (significantly lower) than the standard business rate with relocation and found at <https://www.irs.gov/tax-professionals/standard-mileage-rates>. Special note - If the vehicle moved is normally used for official business, than the normal standard business rates can be applied.
- Certain in-transit storage expenses incurred within a period of 30 consecutive days after the day the goods and effects are moved from the former residence and prior to deliver at the new residence are eligible.
- **Period for Traveling Expenses** – Employees can be reimbursed for the cost of transportation and lodging for themselves and members of their household while traveling from their former home to their new home. This includes expenses for the day they arrive. Employees can include any lodging expenses they had in the area of their former home within one day after they could not live in their former home (the furniture had been moved). Employees can be reimbursed for traveling expenses for only one trip to their new home for themselves and members of their household. However, all family members do not have to travel together or at the same time. The period for travel begins one day after former residence is no longer suitable for occupancy and includes one-night lodging at prior residence and ends on the date the employee secures lodging at the new place of residence.
- **Delayed Moving** - There is no fixed time limit for incurring or reimbursing excludable moving expenses. As noted above, generally moving expenses incurred within one year of the date the employee first reports to work at the new location are considered to be reasonably proximate in time; moving expenses incurred after this one-year period may be considered reasonably proximate if it can be shown circumstances prevented these costs from being incurred within the one-year period). For example, the employee may be waiting for dependents to finish school.

Expenses typically not covered within the IRS moving rules

- House hunting trips or any part of costs related to purchase (or lease) of residence, long term storage, meals during the trip.
- Costs tied to moving surplus autos or RV equipment etc. In general, any support or reimbursements that are not “reasonable” and directly related to the relocation of household and personal goods.
- Any further payments made by the RF to the employee for items of personal benefits fall under the Non-Salary Policy, Guidance and Procedures.

Business-Related Items

- Expenses incurred for moving business-related items (such as lab equipment) are not applicable for these policy, guidance and procedures. Reimbursements of this type are made as a standard vendor payment as a project cost, but must be approved by the operations manager or designee and meet all additional payment review requirements.

What to Do if an Employee Resigns

Federally-Funded Projects

If an employee resigns from a federally-funded project for reasons within the employee's control, or fails to meet the Time test, within 12 months of the appointment start date, moving expense support or reimbursement must be repaid to the federal government. The operations manager must arrange to collect reimbursement amounts from the employee, or reimburse the grant from other funds. If separation from employment is involuntary, repayment of the moving expense is not required.

Nonfederally-Funded Projects

If an employee resigns from a nonfederally-funded project for reasons within the employee's control, or fails to meet the Time test, within 12 months of the appointment start date, the operations manager may arrange to collect reimbursement amounts from the employee. Collection of reimbursement may be waived by the OM if permitted by sponsor restrictions. If separation from employment is involuntary, repayment of the moving expense is not required.

Where to Direct Reimbursement Collected from Employee

When the sponsored program account from which the support or reimbursements were made is

- active, the money collected from the employee must be deposited into the account.
- terminated, the money collected from the employee must be sent to the sponsor (if required by sponsor guidelines) or deposited into a balance account.

Definitions

Direct Payments - Payments made directly to the employee through the payroll system for support or reimbursement for relocation expenses.

Non-direct Payments - Taxable support or reimbursement payments provided outside the RF payroll system (not directly to the employee) such as through the RF accounts payable system (for example, to a moving and storage company, an airline or travel agency.)

Related Information

RF Resources:

[Moving Expense Reimbursement Policy](#)

[Taxation and Reporting for Non-Salary Payments Guidance](#)

IRS Resources:

[IRS Publication 15-B](#)

[IRS Publication 5137 Fringe Benefit Guide](#)

Forms

[Moving Expense Reimbursement Request and Authorization Form](#)

Change History

Date	Summary of Change
October 7, 2021	Creation of procedure.

Feedback

Was this document clear and easy to follow? Please send your feedback to webfeedback@fsuny.org