



ST. LOUIS COLLEGE of PHARMACY

EST. 1864

Business Office

Relocation and Moving Expense Policy

(INTERIM)

Policy Timeline

Initial Effective Date: Immediately

Frequency of Review: Annually

Date(s) Revised:

Policy Overview

The purpose of this policy is to outline the guidelines to be followed related to moving expense reimbursements for new faculty and staff.

Applies to:

Faculty and staff eligible for moving expense reimbursement.

Table of Contents:

Not applicable.

Definitions:

<u>Term</u>	<u>Definition</u>
Moving expenses	Expenditures for transporting the employee, members of employee's household, household goods and personal effects from the former residence to the new residence.
Nonqualified moving expenses	Expenses reimbursed that the IRS deems to be taxable and included as part of the employee's taxable wages. (See policy for examples of nonqualified moving expenses.)
Qualified moving expenses	Expenses reimbursed to the employee that the IRS deems non-taxable and have no tax consequences for employee. (See policy for examples of qualified moving expenses.)
Personnel action request	The communication form utilized by the Human Resource department to communicate changes regarding personnel to the various College departments.

Policy Details

Moving expense reimbursement support is made available to eligible employees based upon budget availability. Decisions related to moving expense reimbursement should be made by the time an employment offer is finalized.

The following outlines employee eligibility criteria as well as the conditions necessary for moving expense reimbursement under the College's plan.

I. Eligibility

The IRS requires that certain criteria be met in order for any eligible moving expense reimbursements to be considered qualified (non-taxable). These conditions are as follows:

- **Full-time position:** The employee must be assigned to a full-time, salaried position and must have agreed to work on a full-time basis for at least one year. For faculty appointed on an academic year basis, one year is defined as two concurrent regular academic sessions of fall and spring or spring and fall semesters equal to nine months. For all other employees, one year is defined as twelve months.
- **Distance:** The distance between the employee's new work location and the former residence must be at least fifty (50) miles greater than the distance between the employee's old work location and the former residence. (See IRS Publication 521 for further details.)
- **Time:** IRS regulations state that unless the employee works full-time at least thirty-nine (39) weeks during the first twelve (12) months after relocating, then all moving and relocation payments/reimbursements will be considered taxable income.

For further information regarding these conditions, please see IRS Publication 521.

II. Accountable Plan Criteria

The College has an accountable plan as defined by IRS guidelines. Such a plan requires that there be a business connection for expense reimbursements to employees. Support for moving expenses meets this condition. In addition, employees must adequately account for expenses and request reimbursement within 60 days after such expenses are incurred.

Moving expense reimbursements that do not meet these criteria will be taxable to the employee.

Reimbursements that meet the criteria of the accountable plan will be reviewed by the Business Office to determine which expense reimbursements are taxable and which are non-taxable to the employee. To make this determination, the College follows IRS guidelines as outlined in IRS Publication 521.

I. **Communications regarding Moving Expense Reimbursement Allowance**

Departments should notify the Human Resource department that a moving reimbursement allowance has been included as a part of the employment offer. The amount of this allowance should be noted on the Personnel Action Request (PAR) form submitted to the Business Office.

The hiring letter to the employee should include the following language:

“The reimbursement of moving expenses may have tax consequences. To minimize these consequences, the funds should be utilized primarily to cover expenses associated with moving from your former primary residence to a new primary residence. Any reimbursement of funds must be substantiated by original receipts and be submitted for reimbursement within 60 days of incurring the expenses. Noncompliance with these conditions will result in the entire amount of the moving expense allowance being considered taxable income.”

The employee should also be given a copy of this policy at the time of hire in order to provide the employee with information regarding the procedures for reimbursement and the potential tax implications.

II. **Payment/Reimbursement Procedures**

Moving expenses will be paid on a reimbursement basis upon receipt of adequate documentation. Invoices from third-party commercial movers may be paid directly to the moving company by the College. Moves of \$5,000 or more require that three quotes be obtained and submitted to the College prior to payment or reimbursement to ensure the lowest bid selection. Direct reimbursement of vendors (other than commercial movers) or payment of moving expenses for employees through other means (e.g., petty cash, College credit card) is not permitted. All expenses for moving (including all costs related to house hunting trips) should be processed as a reimbursement to the employee.

Reimbursements are limited to actual costs incurred up to the agreed upon amount. If driving during the moving process, the employee may choose to submit either gas receipts or mileage. Mileage will be reimbursed based upon the IRS moving use rate specified for the tax year.

Receipts must be submitted for reimbursement within sixty (60) days after expenses are incurred or paid to be considered as qualified, non-taxable moving expenses. Expenses submitted for reimbursement after sixty (60) days will be considered taxable income.

All expenses should be substantiated by original receipts. Photocopies of invoices or credit card statements are not acceptable as documentation. The receipt should include the name of the payee, date, details of the purchase and amount. Mileage should be substantiated by the mileage estimates obtained via a mapping website (e.g., Mapquest or Google Maps).

The reimbursement of moving expenses should be submitted on the moving expense reimbursement form. This form should be submitted to the Payroll Manager in the Business Office. Nonqualified (taxable) moving expenses will be processed through the payroll office and will be included as part of the employee's paycheck so the appropriate taxes can be deducted. Qualified (non-taxable) moving expenses will be processed through accounts payable.

III. Qualified, Nonqualified, and Unallowable Expenses

Qualified Expenses

Qualified expenses are relocation and moving expenses excluded from taxable income and are defined as the reasonable cost of:

- Moving household goods and personal effects from the former residence to the new residence, and
- Traveling (including lodging but not meals during the period of travel) from the former primary residence to the new place of residence.

Examples of qualified expenses (not subject to tax withholding) are as follows:

- Commercial moving company
- Packing/crating/mailling/shipping household goods
 - Miscellaneous packing supplies that do not become the personal property of the employee (e.g., padlocks or tools will not be reimbursed)
- Optional insurance
- Rental truck
- In-transit storage for up to 30 consecutive days
- Shipment of car(s), if not used in move
- Travel and lodging costs for one trip person (employee and household members) from the old residence to the new residence, which may include:
 - Mileage for moving per IRS limitations
 - Lodging in transit
 - Airfare (coach only)
 - Rental car
 - Toll, taxis, shuttle service, or parking

Travel relating to relocation is eligible for reimbursement for only the trip to bring the employee (and household members if applicable) to the new residence. The cost of traveling from the former home to the new home should be the shortest, most direct route available. Household members are not required to travel together or at the same time.

Nonqualified Expenses

Nonqualified expenses are expenses related to moving that the IRS deems to be subject to tax withholding and reporting. Therefore, the reimbursement of such expenses is deemed to be treated as taxable wages.

Examples of nonqualified expenses are as follows:

- Travel and lodging costs incurred during additional trips from the old residence to the new residence
- Cost of meals at any point in the relocation process
- Mileage in excess of IRS limitations
- House hunting expenses (may include multiple trips, however, total combined days may not exceed five (5) days), may include:
 - Mileage per IRS guidelines
 - Lodging
 - Airfare (coach only)
 - Rental car
 - Tolls, taxi, shuttle service, or parking
- Storage in excess of thirty (30) days but not to exceed six (6) months
- Temporary quarters

Unallowable Expenses

Payment or reimbursement of any relocation or moving expenses not expressly outlined in this policy must have the prior approval of the Director of Human Resources, Dean, and the Vice President for Finance. Any such payments will be treated as nonqualified expenses and will be taxable. Arrangement for such reimbursements should be specified in the employee’s offer letter.

Responsibilities

Position/Office/Department	Responsibility
Employee	Keep all original receipts related to moving expenses and submit for reimbursement no later than 60 days after expense incurred.

	Provide documentation of bids/quotes based upon policy requirements.
Hiring Department	Use language outlined in the policy in all offer letters that include moving expense allowances. Ensure that employees with moving allowance receive copy of this policy in order to be in compliance. Perform initial review of moving expense reimbursement documentation.
Human Resources	Ensure communication with College departments regarding moving expense allowances being offered to employees.
Business Office	Review and process submitted reimbursement request. Make determination regarding qualified and nonqualified expenses.

Resources (required for any resource referred to in the policy)

Moving Expense Reimbursement Form

For additional information regarding moving expenses, please see IRS publication 521.

Policy Contacts

Name	Contact Information
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POLICY APPROVALS

POB POB Chair Signature: Date:	<input type="checkbox"/> Approved auto Form	<input type="checkbox"/> Not Approved
Policy Director: Signature: Date:	<input type="checkbox"/> Approved	<input type="checkbox"/> Not Approved
President: Signature: Date:	 11/15/16	<input type="checkbox"/> Not Approved

