

REIMBURSEMENT FOR RELOCATION EXPENSES OF NEW EMPLOYEES

SUMMARY/PURPOSE: The purpose of this policy is to ensure that offers to reimburse relocation expenses for new employees are properly documented as a part of an initial offer of employment as negotiated by deans, directors, and department heads and to facilitate payment of those expenses.

Policy Text:

An employing department may reimburse a new employee's reasonable relocation expenses if the new employee and the employing department have negotiated for the payment of those expenses as a part of the University's offer of employment and initial compensation package. To be reimbursed, the Terms and Conditions included in the offer letter sent to the new employee by the University must describe and specify the relocation expenses to be reimbursed, including the type of expenses and maximum amount to be reimbursed. Whether to offer to reimburse such expenses as a part of an initial compensation package is at the option of the hiring dean, director, or department head, based upon available resources, and subject to ordinary approval processes.

Under unusual circumstances, a hiring unit may offer to reimburse relocation expenses of a temporary employee. Any such offer must have the prior approval of a Division Head (Chancellor, Provost, Vice Chancellor, or Athletics Director) and will be treated as taxable income. The IRS considers reimbursement for the relocation expenses of a temporary employee as taxable income subject to income tax, Social Security, and Medicare withholding.

The University may pay all or part of an individual's relocation expenses. Amounts paid directly to an employee or to a third party (such as a moving company) on behalf of an employee for the reimbursement of nontaxable (deductible) moving expenses will be excluded from the employee's gross income; however, the IRS requires that the University report such expenses on the employee's Form W-2. The IRS considers reimbursement for taxable (non-deductible) relocation expenses as taxable income that is subject to income tax, Social Security, and Medicare withholding. For more information see IRS Publications 521 "Moving Expenses" and 535 "Business Expenses" or contact the University's Payroll Department.

To seek reimbursement, a new employee must complete the Relocation Expense Reimbursement Form and submit it to Procurement Services along with original receipts attached for all requested reimbursements.

A new employee may submit only one Relocation Expense Reimbursement Form; a new employee will not be reimbursed more than once, or for moving to a temporary residence and then again to a permanent residence. The Relocation Expense Reimbursement Form must be submitted within sixty (60) days of the last reimbursable expense. The University will only reimburse expenses incurred within one (1) year of beginning employment. After the Relocation Expense Reimbursement Form is processed, the new employee will receive a letter explaining which of the reimbursable expenses the IRS considers taxable income.