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1. Purpose. To set forth regulations and procedures for the administration of payment of moving expenses incurred by or on behalf of a new Employee when authorized by the President.

2. Definitions. For the purpose of these regulations, the following definitions apply:

2.1 “Move” means relocation of a new Employee from one geographic location to one nearer the University.

2.2 “Prepaid Moving Expenses” means expenses paid by or on behalf of an Employee prior to a move (advance). This term includes moving expenses paid by or billed to the University on the Employee’s behalf.

2.3 “Reimbursement” means any payment for substantiated moving expenses made by the University subsequent to a move by a new Employee.

3. General.

3.1 Approval Authority. The President is responsible for authorizing payment of moving expenses. No offer or agreement to pay moving expenses from the General Fund shall be made without the advance approval of the President.

3.1.1 Requests for authority to offer and pay moving expenses from non-General Fund money may be submitted by Area Heads and/or Major Academic Unit Deans to the President. Upon granting of such authority, individual agreements may be made without approval of the President.

3.1.2 No moving expense payment shall be made from grant funds unless specifically allowed by the grant and specifically budgeted for in the grant application.

3.2 Advance Consultation Required. Area Heads and/or Major Academic Unit Deans shall consult with the Controller/Director of Accounting regarding procedures for payment or reimbursement of moving expenses.

3.2.1 Documentation shall be submitted to the Controller/Director of Accounting before the move takes place, if possible, or with the submission of the Moving Expense Report.

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3.3 Accountable Plan. The University's moving expense policies and regulations are intended to be an "accountable plan." This means some moving expense reimbursements are reported as non-taxable to the Employee, while others are reported as Employee compensation. To be reported as non-taxable, payments and reimbursements for moving expenses must meet four requirements:

- They must be made for deductible moving expenses;
- The amount of any cash advance for moving expenses must be reasonably related to the expenses expected to be incurred;
- A statement substantiating the amount of the expenses and date incurred must be submitted by the Employee within 60 days after the move is completed. A properly completed and approved Moving Expense Report, with the amount of any cash advance shown, meets this requirement; and,
- Any portion of an advance in excess of expenses substantiated on the Moving Expense Report must be returned to the University within 60 days after the move is completed.

3.3.1 Expenses not substantiated and/or excess advances not returned within 60 days will be treated as Employee compensation. These amounts are subject to payroll tax withholding, and are reported on the Employee's W-2 form. The amount shall be shown on the pay stub as non-cash compensation, and payroll taxes withheld will reduce the Employee's net pay.

4. Guidance for Reporting as Non-Taxable. There are a number of considerations in determining whether payments and/or reimbursements are reported as non-taxable to the Employee.

4.1 Primary Considerations. In order to be reported as non-taxable, payments and/or reimbursements must meet all the tests below.

4.1.1 The move must be related to the start of work at the University. The move must be made within 12 months of the start of employment, and the distance to the University from the Employee's new home must be equal to or less than the distance from the Employee's former home.

Example: Steve worked and lived in Lawrence, but begins work at the University and within 12 months moves to Topeka. He meets the "related to start of work" test.

Example: Sandy worked in Lawrence and lived in Lecompton. She begins work at the University and within twelve months, moves to Lawrence. This does not meet the "related to start of work" test, because Lawrence is farther away from the University than Lecompton is.

4.1.2 The University must be at least 50 miles farther from the Employee's former home than the Employee's former workplace is from the former home.

Example: Alison worked in Lawrence and lived two miles from her place of employment. She begins work at the University and within twelve months moves to Holton. This does not meet the "distance" test, because the Lawrence-to-the-University distance is not at least 50 miles farther than the commute to work in her previous employment.

Example: Alex worked in Manhattan and lived two blocks from his workplace. Within twelve months after beginning work at the University, Alex moves to Lawrence. This meets the "distance" test, because the previous-home-to-the-University distance is more than 50 miles farther than the commute to work in his previous employment.

4.1.3 The Employee must work full time at least 39 weeks during the first 12 months after arriving in the general area of the University (normally, this is the date of relocating to a new home). Faculty on 9 or 10-month contracts meet this test if they remain at the University for consecutive fall and spring or spring and fall terms depending upon when the faculty contract begins.

4.2 Expenses for Which Reimbursement is Reported as Non-taxable. Expenses must be reasonable in the Employee's particular circumstances. For example, the cost of traveling from the former home to the new home must be the cost of the shortest, most direct route available by conventional transportation.

4.2.1 If the travel from the previous home to the new home is via personal automobile, the Employee may be reimbursed the standard mileage rate as determined by the IRS for the year in which the travel occurred.

4.2.2 Payment or reimbursement of moving expenses for any member of the Employee's household who resides in both the Employee's former and new homes are reported as non-taxable.

4.2.3 Moving expenses for a tenant or personal employee are reported as Employee compensation, unless the tenant/personal employee is also a dependent, for income tax purposes, of the University's Employee.

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4.2.4 Examples of expenses for moving household goods and personal effects for which reimbursement is reported as non-taxable include:

- Packing, crating and transporting household goods and personal effects from the Employee's former home to the new home;
- Storing and insuring household goods and personal effects within any period of 30 consecutive days after the day moved from the Employee's former home and before they are delivered to the new home;
- The required disconnection and/or connection of utilities because of the move;
- Shipping an automobile or household pets to the employee's new home; and,
- Moving household goods and personal effects from a place other than the Employee's former home (limited to the amount it would have cost to move them from the former home).

4.2.5 Reimbursement of costs of transportation and lodging while traveling from the former home to the new home are reported as non-taxable, including any expenses on the day of arrival. Reimbursement of lodging expenses in the area of the Employee's former home within one day after the Employee could not live in that home, because the furniture had been moved, are also reported as non-taxable.

Example: David's furniture is moved from his former home on April 12. He and his family stay in a local hotel for two nights--April 12 and April 13. They travel to the new area and stay in a hotel for one night, then move into the new home. Reimbursement of the April 13 hotel charge is reported as Employee compensation, but reimbursement of charges for the other two nights is reported as non-taxable.

4.2.6 Reimbursement for only one trip to the new home for the Employee and members of the Employee's household is reported as non-taxable.

Example: Ruth travels alone from the former home to the new home. At the end of the first week in the new home, she travels back to the former home. She returns with her family to the new home. Reimbursement for only one of these trips is reported as non-taxable.

4.2.7 Reimbursement for the cost of meals while traveling from the Employee's former home to the new home is reported as Employee compensation.

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4.3 Moving Expenses for Which Reimbursement is Reported as Employee Compensation. Reimbursement or payment of many move-related expenses is reported as Employee compensation. These include, but are not limited to:

- Meal expenses;
- Pre-move house hunting expenses;
- Any part of the purchase price of the new home;
- Automobile tags;
- Driver's licenses;
- Expenses of buying or selling a home;
- Expenses of getting or breaking a lease;
- Home improvements to help sell the former home;
- Loss on the sale of the former home;
- Losses from disposing of memberships in clubs;
- Mortgage penalties;
- Real estate taxes;
- Refitting of carpets and draperies;
- Security deposits (including any forfeited due to the move);
- Storage charges, except for those incurred in transit; and,
- Temporary living expenses.

5. Reimbursement of Moving Expenses.

5.1 Reimbursement As Compensation. Some moving expense reimbursements approved by the applicable Major Academic Unit Dean or Area Head may be reported as compensation based on applicable tax guidance.

5.2 Tax Reporting. Non-taxable payments and reimbursements of moving expenses are reported in Box 12 of the Employee's W-2 form. Payments and reimbursements considered Employee compensation are included in Box 1 of the W-2

5.2.1 Moving expenses paid directly to a vendor on behalf of the Employee are not reflected on the W-2 form if such payments would be reported as non-taxable if paid to the Employee.

5.2.2 If the Employee does not properly account for expenses, payment or reimbursement of such expenses is reported as Employee compensation. In addition, when the Employee does not properly account for expenses and/or return excess reimbursements to the University as specified in Section 3.3.1 above, these amounts are reported as compensation.

5.2.3 To be reported as non-taxable, moving expense reimbursements and direct payments must be adequately accounted for by the Employee within a reasonable period of time.

5.2.4 The following are considered reasonable periods of time when the Employee:

- Receives an advance within 30 days of the time the moving expense is incurred;
- Adequately accounts for the moving expenses, and returns any excess advances, within 60 days after they were paid or incurred; and,
- Returns any excess reimbursement to the University within 60 days after the moving expense was paid or incurred.

5.2.5 To the extent reimbursement exceeds the amount of expenses paid, the excess must be returned to the University within 60 days.

5.2.6 Moving expenses reported as Employee compensation are subject to federal and state income taxes, including Social Security and Medicare taxes.

5.2.7 The appropriate Departmental budget will be charged the employer portion of Social Security, Medicare, and unemployment taxes attributable to payment or reimbursement of moving expenses reported as Employee compensation. (See Section 4 above.) This charge will not be reimbursed out of the central budget pool.

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6. Requesting Reimbursement. The approver determines what moving expenses will be reimbursed to the Employee as authorized by the President. Moving expenses are reported by the Employee on the Moving Expense Report. This form is available in Excel format on the Finance Office web site. The spreadsheet has several formulas to simplify calculations and summarizations. Do not change any of these formulas, or the spreadsheet may not work properly.

6.1 Expense Report Purpose. The purpose of the moving expense report is to:

- Provide a method for Employees to request reimbursement;
- Provide a format that assists approvers in reviewing and approving the expenses; and,
- Comply with reporting rules and regulations.

6.2 Supporting Documentation. Supporting documentation for moving expenses shall be submitted with the Moving Expense Report.

6.2.1 Original receipts are required for all expenses more than \$25 noted on the report, and preferred for all expenses.

6.2.2 No reimbursement will be made on the basis of a credit card statement, or other statement of account. Exceptions may be made by the Controller/Director of Accounting.

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6.2.3 Documentation is required even when the reimbursement will be reported as Employee compensation. Examples of specific documentation requirements for the expense categories on the report are (proof of payment is required documentation unless payment to the vendor was made by a University purchase order or payment voucher):

- *Airplane tickets* – airline ticket “receipt” coupon and/or equivalent printed receipt for e-tickets;
- *Lodging* – itemized hotel bill;
- *Auto rental* – auto rental agreement;
- *Auto mileage* – actual mileage. Reimbursable mileage should be obtained from the MapQuest internet web site (<http://www.mapquest.com>);
- *Auto fuel and oil* – original receipts for fuel and/or oil. Fuel and oil expenses are not reimbursable if the Employee is claiming reimbursement for mileage;
- *Storage & shipping* – original receipt or bill;
- *Utility connect & disconnect* – original receipt or bill;
- *Meals* – detailed receipt showing items purchased. Purchases of alcoholic beverages shall be shown separately;
- *House hunting* – original receipts or other appropriate documentation;
- *Temporary living* – original hotel bill or short-term lease agreement for temporary lodging; Documentation for other temporary living expenses includes original receipts or invoices; and,
- *Other* – original bill or receipt.

6.2.4 Receipts (written acknowledgment goods or services have been provided) shall show, at a minimum, the:

- Name of the payee/vendor;
- Date of purchase; and,
- Amount of the purchase.

6.2.5 Reimbursed moving expenses not adequately accounted for will be reported as Employee compensation. Such amounts will be paid through Payroll as soon as practicable after the Moving Expense Report is approved.

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6.2.6 The Employee must sign and date the Moving Expense Report. The signature certifies all expenses reported are valid and were incurred in accordance with University regulations.

6.2.7 Appropriately approved expense reports shall be submitted to Accounts Payable. Approval indicates:

- The report was examined in detail;
- Expenses were determined to be valid and incurred in accordance with University regulations; and,
- The reviewer approves the amount to be reimbursed.

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