

TAXABILITY OF MOVING/RELOCATION EXPENDITURES

The tax reform bill (H.R. 1, P.L. 115-97), enacted on December 22, 2017, included a change to the taxability of moving and relocation expenses. In 2017 and prior years, certain “qualified moving expenses” for new employees were excluded from gross income. As of January 1, 2018, all moving expenses paid or reimbursed by the CSU or its auxiliaries are taxable as wages to the recipient for federal income tax purposes. The exclusion from gross income in Internal Revenue Code (IRC) Section 217, as well as the fringe benefit rule in IRC Section 132(g), are suspended from 2018-2025 (01/01/2018 to 12/31/2025). However, California law does not conform to the federal suspension of the exclusion from income of qualified moving expense reimbursements. Accordingly, California continues to apply the federal rule, which treats “qualified” moving/relocation expense reimbursements as nontaxable. As a result, “qualified” reimbursements remain excludable from California wage reporting, Personal Income Tax (PIT), and State Disability Income (SDI) withholding. A separate check will be issued, with the applicable tax withholding, through the Uniform State Payroll System.

The listing below provides information on allowable reimbursements for the most common types of moving and relocation expenditures as allowed by the CSU System-wide policies and California State Polytechnic University, Pomona.

ALLOWABLE EXPENSES – The following may be reimbursed by the University:

Full or partial reimbursement, within budgetary constraints, may be allowed for the following expenses with itemized invoices and original receipts for all moving/relocation expenses of \$75 or more.

TAXABLE AND REPORTABLE TO THE INDIVIDUAL

- Expenses incurred for packing, transportation (including related tariffs/surcharges), storage in transit up to 30 days (not to exceed 60 calendar days), and unpacking of the new employee's household goods at the new residence.
 - “Household goods” includes furniture, clothing, household appliances, and other items that are usual or necessary for the maintenance of a household. Automobiles and other vehicles are not considered household goods.
- Payments by the University to a third-party moving/relocation vendor on behalf of a new employee and spouse for qualified moving expenses for household goods, excluding optional insurance coverage.
- Mileage reimbursement for the new employee’s private vehicle. No reimbursement for the transport of personal vehicle(s) will be allowed.
- Payments for lodging expenses for the new employee and spouse/domestic partner related to the relocation from their old to new residence. No reimbursement for the employee’s children, family, relatives, other dependents, friends or pets will be allowed.
- Reimbursement to new employees who elect to move themselves may not exceed the costs that would have been incurred had a commercial firm been used.
 - Moving truck rentals: Actual costs incurred for truck rental (excluding insurance), boxes, packing materials, and gasoline for rental truck supported by original receipts.
 - Moving trailer rentals: Actual rental costs (excluding hitch) supported by original receipts.
 - Mileage: When driving a personal vehicle, mileage is reimbursed based on the IRS guidelines for standard mileage rate for moving purposes, one way.
 - Casual labor: When the new employee hires a non-professional to help pack and/or load household goods, an original receipt signed and dated by the non-professional must be obtained. This original receipt must state the non-professional’s name, description of service(s) provided, date(s) of service, and dollar amount paid by the new employee for the services rendered.
- One pre-move house hunting trip expense reimbursement, including transportation, meals, and lodging for the new employee and spouse/domestic partner.
- Meals and incidentals for the new employee and spouse/domestic partner associated with the final move to the new residence (during the time of travel relocating from their old to new residence). Daily meals and incidentals will be reimbursed based on the [General Services Administration](#) federal location-based per diem rate, with overnight stay. The first/last day will be reimbursed at 75% of the daily per diem.
- Storage charges more than 30 days after moving into the new residence (not to exceed 60 calendar days).

In accordance with IRS Regulations:

- The above items reported and requested for reimbursement are considered taxable, subject to income tax withholding and are reported as wages on the individual's IRS Form W-2 during the year(s) in which the payments or reimbursements occurred.
- **Tax withholding** is determined by the current rates and the appropriate FICA tax rate by the employee's appointment.
- The gross amount of the payment and withholdings will be included on the W-2 in the year in which payment is made.

REQUIRED IRS MOVING & RELOCATION CRITERIA THAT MUST BE MET (DISTANCE AND EMPLOYMENT STATUS)

IRS Regulations require that reimbursed moving/relocation expenses must be: (1) in connection with beginning work at a new job location and incurred within one year from the start of the new job, (2) be paid during the 12 months immediately following the move date, and (3) the new job location must be at least 50 miles farther from the employee’s former permanent residence than the old primary job location. In addition, during the 12 months immediately following the move, the employee must be employed full-time for at least 39 weeks. The employee’s new principal residence also must be closer in proximity to the main CPP campus than the employee’s former principal residence (including vacation homes). As defined by IRS Publication 521, the distance between a job location and your home is the shortest of the more commonly traveled routes between them. The distance test considers only the location of your former home. The cost of traveling from your former home to your new one should be by the shortest, most direct route available by conventional transportation. If during your trip to your new home, you stop over, or make side trips for sightseeing, the additional expenses for your stopover or side trips are not reimbursable expenses. Moving and relocation expenses not meeting the above requirements cannot be paid by the University.

REIMBURSEMENTS MADE TO INTERNATIONAL FACULTY/STAFF

International faculty and staff who are under a F-1, J-1, TN or H1-B visa or DACA EAD must provide the University with proper documentation of their visa status and work authorization, prior to authorization of payment or reimbursement.

TAXABLE INCOME REPORTING REQUIREMENTS

Amounts paid as reimbursement of moving expenses incurred by all faculty or staff employees are to be reported to the State Controller's Office by the University, whether or not reportable on a W-2 Form. Such amounts may be subject to both Federal and State income tax withholding deductions. Please consult your personal tax advisor should you have any questions regarding these matters. The University is prohibited from grossing up payments to take into account the income taxes on moving and relocation reimbursements.

ADDITIONAL INFORMATION

The information contained in this document is subject to change. The University cannot reimburse moving and relocation expenses not listed above. Reimbursements are limited to eligible expenses accompanied by itemized invoices and original receipts showing proof of payment. Please email cpp-ap@cpp.edu for additional information.

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