

Anne C. Broome

CONTENTS

I.	References	2
II.	Purpose	3
III.	Scope	3
IV.	Definitions	3
V.	Authorities	4
VI.	Policies and Procedures--Moving Expenses	5
VII.	Tax Treatment of Moving Expenses	10
VIII.	Payment Procedures	12
IX.	Responsibilities	14
Appendix A:	Academic Moving/Removal Expense Policies	14

I. REFERENCES

Academic Personnel Manual, [Section 550](#): Recruitment, Moving Expenses for Intercampus Transfer

Academic Personnel Manual, [Section 560](#): Recruitment, Removal Expenses/General

Academic Personnel Manual, [Section 561](#): Recruitment, Removal Expenses/Assistants

Accounting Manual chapter [D-371-12.1](#), Accounting for and Tax Reporting of Payments Made Through the Vendor System

Accounting Manual chapter [D-371-11](#), Disbursements: Advance Payments

Accounting Manual chapter [D-371-16](#), Disbursements: Approvals Required

Accounting Manual chapter [D-371-36](#), Disbursements: Invoice Processing

Accounting Manual chapter [P-196-28](#), Payroll: Federal Taxation of Citizens

Business & Finance Bulletin [G-28](#), Policy and Regulations Governing Travel

Internal Revenue Code Sections 62, 217, 6041(a)

Internal Revenue Service Announcement 97-77, Changes in Employer Reporting of Moving Expense Reimbursements

Internal Revenue Service Publications [521](#), Moving Expenses, and [535](#), Business Expenses

President's letter to Chief Campus Officers, June 15, 1959

President's letter to Chief Campus Officers, Vice Presidents, and University Deans, January 4, 1960

President's letter to Chancellors, April 16, 1968

President's letter to Chancellors, Laboratory Directors, Senior Vice President--Business and Finance issuing Interim Policy on Relocation Allowance, August 15, 1994

## II. PURPOSE

This Bulletin sets forth the policy and procedures governing the payment of employee moving expenses and relocation allowances. The policy and procedures detailed in this Bulletin do not apply to personnel at the Lawrence Berkeley National Laboratory.

For the purposes of this Bulletin, the authorities and responsibilities assigned to the Chancellor also are assigned to the Executive Vice President--Business Operations, the Vice President--Agriculture and Natural Resources, and the Principal Officers of The Regents for the employees under their respective jurisdictions.

Each campus may establish more restrictive procedures for the payment of moving expense reimbursements and relocations allowances. In addition, the terms of a collective bargaining agreement shall govern when such terms do not conform to the provisions contained in this Bulletin.

## III. SCOPE

The following employee classifications are covered by these guidelines:

- 1) Senior Manager Group;
- 2) Managers, Senior Professionals, and Professionals; and
- 3) Support Staff.

Moving expense reimbursement policies pertaining to academic personnel are covered in Academic Personnel Manual (APM) sections APM [550](#), teaching faculty who transfer to another campus; APM [560](#), new appointees to academic positions; and APM [561](#), Assistants.

## IV. DEFINITIONS

### A. MOVING EXPENSES

Moving expenses eligible for payment are defined as the *reasonable costs* incurred by a new appointee, or by a current employee who transfers to a new University location, of moving household goods and personal effects to a new residence. Such expenses also include the cost of travel to the University location for the individual, and his or her immediate family. Section VI details the eligibility requirements and the specific moving expenses that may be paid for the personnel positions covered by this Bulletin.

*Reasonable costs* include those costs that are reasonable under the circumstances of a particular move, i.e., a move from the old to the new residence must be made via a conventional mode of transportation using the shortest and most direct route available and in the shortest period of time normally required to travel such a distance.

*Although the University may pay all or part of an individual's moving expenses, a portion of the payment may constitute taxable wages (see Section VII.B for a list of taxable moving expenses).*

B. RELOCATION ALLOWANCES

Relocation allowances are not intended to reimburse or offset the actual or presumed costs of moving from one location to another. Relocation allowance payments are intended to offset higher living costs in a new location; however, the total value of such payments may not exceed 25% of an appointee's annualized base salary. Payment is generally made on a monthly basis over a four-year period, with 40% of the allowance paid in the first year, 30% in the second year, 20% in the third year, and 10% in the fourth year. Such payments must be included in an individual's gross income as taxable wages but are excluded from covered compensation under the University of California Retirement Plan.

Relocation allowances may be provided to individuals recruited for the following positions: Senior Managers, Managers, and Senior Professionals. ***However, eligibility is limited to individuals who, at the time of recruitment, are not employed by the University and who reside outside the State of California.***

V. AUTHORITIES

A. MOVING EXPENSES

1. New Appointees

The authority to approve payment of the actual moving expenses of **new appointees** to certain **nonacademic** positions requiring specialized training and/or experience of a technical, professional, or administrative nature has been delegated by the President to the Chancellors and to Vice Presidents and University Deans who have line responsibility for a department. Any further delegation of this authority must be submitted in

writing to the appropriate authorities.

2. Transferring Employees

Employees in certain nonacademic positions are eligible for full payment of moving expenses, subject to the eligibility requirements set forth in Section VI. The Chancellor is responsible for approving the use of departmental funds for such expenses for an employee who moves to a department under the Chancellor's jurisdiction.

3. Exceptions

The Chancellor has the authority to approve exceptions to the policies and procedures set forth in this Bulletin, when required due to extenuating circumstances. The exception request must specify the purpose, circumstances or need, applicable dates, and the name of the individual to whom the exception is granted. When an exception has been granted, the reimbursement of expenses claimed shall be limited to the actual costs incurred, provided such costs are deemed to be ordinary and necessary under the circumstances. Claims for the reimbursement of actual expenses must be supported by original receipts or electronic receipts that contain the same level of detail as an acceptable paper receipt.

B. RELOCATION ALLOWANCES

The authority to approve relocation allowances has been delegated to Chancellors and the Senior Vice President-Business and Finance. Any further re-delegation of this authority must be submitted in writing to the appropriate authorities.

VI. POLICIES AND PROCEDURES - MOVING EXPENSES

The eligibility requirements for the payment of moving expenses for a current employee or a new appointee, in one of the nonacademic personnel positions specified in Section III of this Bulletin, and a description of the types of expenses that may be paid, subject to the availability of funds, are detailed below:

A. SENIOR MANAGEMENT GROUP

1. Eligibility for Reimbursement

An employee's or a new appointee's moving expenses are eligible for payment under the following circumstances:

- a) A new appointee resides outside reasonable commuting distance of the primary place of work;
- b) An employee is transferred to a different University location outside reasonable commuting distance where the University needs his or her expertise or skills;
- c) An employee accepts a position at a higher salary grade at a new University location outside reasonable commuting distance of the old location; or
- d) An employee is transferred to a new principal place of work outside normal commuting distance because the University has relocated offices, teaching facilities, or laboratories or when relocation is necessitated by programmatic changes.

2. Reimbursable Expenses

The University may pay the following reasonable expenses when such expenses are necessary, are incurred during an employee's or new appointee's move (referenced to hereafter in this section as the employee), and are properly supported by acceptable receipts (refer to Section VII.B for a list of taxable moving expenses):

- a. Transportation of household goods and personal effects from the old to the new residence.
- b. Moving the employee and members of the employee's household from the old to the new residence, including:
  - 1) Travel: transportation of the employee and members of the employee's household for a single trip not to exceed the cost of air coach transportation (individual members of the household need not travel together); and
  - 2) Meals and lodging: meals and lodging expenses, incurred while in the general location of the old residence within one day after it is no longer suitable for occupancy because of the removal of household goods and personal effects, and while en route from the old

residence to the new, including the day of arrival at the new residence. The reimbursement of such costs must be made in accordance with Business and Finance Bulletin (BFB) [G-28, Policy and Regulations Governing Travel](#).

- c. Driving or shipping to the new residence the employee's automobile(s) (includes vans, minivans, passenger trucks, etc.) which is used as the primary daily mode of transportation of the employee and spouse. If the automobile(s) is used to transport the employee and the employee's household members, household goods, or personal effects, the employee will be reimbursed for transportation costs, under either of the following:
- 1) Actual out-of-pocket expenditures for the moving trip, such as for gas, oil, repairs, parking and toll fees; or
  - 2) Parking and toll fees plus 16.5 cents per mile.<sup>1</sup> This is the only mileage rate available in connection with moving expenses. *The mileage reimbursement rate allowed for University business travel cannot be used for this purpose.*

If the employee has more than one automobile, one may be used to transport the employee and the employee's household members to the new residence, and the other(s) may be driven to the new residence by someone other than the employee. The employee may be reimbursed for the costs incurred with driving the second automobile to the new residence, in accordance with one of the two methods described in items 1) and 2) of this section. If the automobile(s) is shipped to the new residence, the University will reimburse the cost of shipping.

- d. Packing and crating of the employee's household goods at the old location and unpacking and installation of the household goods at the new location. Assembly and disassembly of unusual items such as utility sheds, swing sets, swimming pools, satellite dishes and so forth also may be reimbursed.

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<sup>1</sup> Effective January 1, 2010

- e. Storage of and insurance on the employee's household goods and personal effects while in transit, if incurred within any consecutive thirty (30) day period after removal of the household goods and effects from the old residence and before delivery to the new residence.
- f. Connecting and/or disconnecting of utilities, but not to include refundable deposits.
- g. Transporting of the employee's household goods owned at the time of the move, including household goods in storage and used by the employee at or before the time of the move to the new residence, to the extent that the costs does not exceed the amount that would have been eligible for payment if all of the household goods had been moved from the old residence initially. Furniture or household goods purchased en route from the old to the new residence may not be transported except at the employee's personal expense. Expenses related to moving the following items may also be paid: boats, hot tubs, campers, and playhouses.
- h. Transportation of domesticated pets (does not include livestock) from the old to the new residences. Expenses associated with kenneling of such pets are not reimbursable.
- i. An alien's passport expenses (employee only) incurred in connection with his or her commencement of work in the United States, i.e., the filing fee and cost of photos.
- j. Expenditures incurred by the employee and spouse at the new work location for house seeking and temporary living expenses, subject to the rules and limitations described below:
  - 1) Travel to the new place of work to seek housing, including the cost of meals and lodging during such travel, can be made after the University has approved employment at the new work place; and
  - 2) Temporary living expenses, in accordance with BFB [G-28](#), including the cost of meals and lodging while occupying temporary quarters at the new general

work location during any one period of thirty (30) consecutive days after approval of employment. At the discretion of the University, reimbursement of such expenses may be made for other members of the employee's family. The cost of entertainment, laundry, transportation, or other personal expenses, or expenses of occupying temporary quarters at the old work location are not reimbursable. The cost of transportation, including the rental of an automobile, is reimbursable if the individual's automobile is unavailable.

B. MANAGERS, SENIOR PROFESSIONALS, PROFESSIONALS AND SUPPORT STAFF

1. Eligibility for Reimbursement

Moving expenses shall be paid by the University when an **employee** is required to transfer or accepts a position at a higher grade at a campus outside a reasonable commuting distance.

Moving expenses may be paid when an **employee** accepts a position at the same or a lower grade at a campus outside a reasonable commuting distance. Actual moving expenses may also be paid for a **new appointee** to the University who resides outside the commuting distance of the campus to which he or she has been appointed.

2. Reimbursable Expenses

The following expenses are eligible for reimbursement:

- a. Actual and necessary expenses incurred for packing, insurance, transportation, storage fees (not to exceed thirty (30) calendar days), transporting items to and from storage, unpacking, and installation of the individual's household effects at the new location, when properly supported by invoices and receipts; and
- b. Actual travel expenses for the individual and his or her immediate family, but not to exceed the cost of air coach transportation, and the cost of meals en route, but not to exceed the University's allowance for meals, as specified

in BFB [G-28](#).

## VII. TAX TREATMENT OF MOVING EXPENSES

### A. NONTAXABLE EXPENSES

Under Internal Revenue Service (IRS) regulations, nontaxable (i.e., deductible) moving expenses reimbursed by an employer, or paid to a third party on behalf of an employee, are excludable from an employee's gross income provided the move is closely related to the start of work and meets both the time and distance tests. If the requirements of *all three* of these tests are not met, any payments made for moving expenses will be taxable and must be reported as specified in Section VIII.

#### 1. Related to Start of Work

The move must be made in connection with the commencement of work at a new job location and the moving expenses must be incurred within one year from the time the employee first reports to the new job.

#### 2. Time Test

During the 12-month period immediately following the move, the individual must be employed full time for at least 39 weeks.

#### 3. Distance Test

The distance between the individual's new job location and his or her former principal residence must be at least 50 miles more than the distance between the individual's previous work location and his or her former principal residence.

The following *reasonable expenses* are nontaxable:

- 1) The cost of moving household goods and personal effects (including in-transit or foreign-move storage expenses); and
- 2) Expenses (including lodging but **excluding** meals) incurred in traveling from the former residence to the new residence.

Deductible amounts that are not reimbursed by the University may be eligible for inclusion as an above-the-line deduction (i.e., not subject to the 2% floor for miscellaneous deductions) on the employee's tax

return.

B. TAXABLE EXPENSES

Any reimbursement of, or payment to a third party for, taxable (i.e., nondeductible) moving expenses must be included in an individual's gross income as taxable wages.

The following expenses are taxable<sup>2</sup>:

- 1) Travel expenses, meals, and lodging for pre-move househunting trips;
- 2) Meals and lodging while occupying temporary quarters in the area of the new job location;
- 3) Rental automobile costs incurred while the primary automobile is being shipped to the new location;
- 4) Meal expenses incurred while moving from the old residence to the new residence;
- 5) Qualified residence sale, purchase, and lease expenses (including home improvements, disconnecting utilities, mortgage penalties, real estate taxes, breaking a lease, security deposits);
- 6) Loss on the sale of a home;
- 7) Any part of the purchase price of a new home or other costs associated with its acquisition;
- 8) Real estate taxes;
- 9) Expenses associated with the new location such as automobile registration, driver's license fees, refitting of carpets and draperies, connecting utilities;
- 10) Mileage reimbursements in excess of 16.5 cents per mile; and
- 11) Storage charges, except those incurred in transit and for foreign moves.

Refer to Section VIII for the tax reporting requirements applicable to moving expense payments.

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<sup>2</sup> The real estate expenses detailed in items 5), 6), 7), and 8) are not eligible for reimbursement.

VIII.

PAYMENT PROCEDURES

A. ADVANCE PAYMENTS

Any payments made in advance to an employee or a new appointee for moving expenses should not exceed 75% of the total estimated reimbursement and must be approved by the Chancellor or his or her designee. A larger percentage may be authorized as an exception when, in the judgment of the approving official, the best interests of the University would be served. Such payments are treated as advances and must be accounted for within a reasonable period of time after the move is completed. Refer to BFB [G-28](#) for procedures applicable to recording uncleared advances.

B. PAYMENTS MADE DIRECTLY BY THE UNIVERSITY

The University may pay all or part of the cost of transporting the household goods and personal effects of an employee or a new appointee directly to a common carrier or household mover. Such payments must be requisitioned using a purchase order.

C. REIMBURSEMENT PAYMENTS

A request for reimbursement of **nontaxable** moving expenses must be submitted to the accounting office on a Travel Expense Voucher (or an equivalent electronic form). The expenses must be listed in detail, supported by the appropriate documentation (i.e., original receipts or equivalent electronic receipts), and approved by the employee's department head or other authorized official.

If taxable moving expenses are reimbursed, such amounts must be tax coded for reporting on the employee's Form W-2, subject to withholding for FICA and income taxes.

D. TAX REPORTING

1. Nontaxable Amounts

Although amounts *paid directly to an employee* for the reimbursement of nontaxable moving expenses are excludible from the employee's gross income, such expenses must be reported on the employee's Form W-2. *Nontaxable expenses paid directly to a third party* (such

as a moving company) on behalf of an employee or a new appointee, and services that an employer furnishes in kind to an employee, are **not** reportable on the employee's Form W-2.

## 2. Taxable Amounts

Amounts paid for taxable moving expenses, *whether or not they are paid directly to an employee*, are includible in an employee's gross income, subject to withholding of income, social security, and Medicare taxes.

Accounting Manual chapter [D-371-12.1](#), Accounting For and Tax Reporting of Payments Made Through the Vendor System, provides information on processing moving expense payments, including the appropriate tax codes for such payments.

IRS Publications [521](#), Moving Expenses, and [535](#), Business Expenses, contain additional information on moving expenses.

## IX. RESPONSIBILITIES

It is the responsibility of the department head to approve the payment of moving expenses for nonacademic personnel. (For details concerning the responsibilities for approving moving expense payments for academic personnel, see Appendix A.)

The Accounting Office is responsible for reviewing all supporting documentation to verify that the amounts claimed are allowable, and that the documents were properly approved prior to making a payment, or that adequate post audit reviews are performed. The Accounting Office also is responsible for ensuring that such payments are tax coded appropriately.

POLICY ON RELOCATION ALLOWANCE<sup>3</sup>

A. GENERAL

A relocation allowance may be granted to an individual appointed to a Senior Manager or Manager/Senior Professional position. The relocation allowance is intended to offset higher living costs in the new location. This relocation allowance is provided at the sole discretion of the University and is not intended to reimburse or offset actual or presumed costs in moving from one location to another. Relocation allowance payments are excluded from covered compensation under the University of California Retirement Plan or Public Employees Retirement System.

B. ELIGIBILITY

Individuals recruited to a University position within California, who, at the time of recruitment do not reside within California and who are not currently employed by the University, may be granted a relocation allowance.

C. PAYMENT OF RELOCATION ALLOWANCE

1. The total value of the relocation allowance shall not exceed 25% of the member's annualized base appointment salary for the position at the new work location.
2. Payment of a relocation allowance normally is made on a monthly basis over a period of four years, with 40% of the allowance paid in the first year, 30% in the second year, 20% in the third year, and 10% in the fourth year. The Chancellor may modify the schedule of payments based on the circumstances of the recruitment.
3. Payment of a relocation allowance for individuals recruited into positions at the National Laboratories will be made at the discretion of the Laboratory Director in accordance with policies approved by the Department of Energy.

D. FUNDING SOURCES

Relocation allowances will be funded by individual campuses or Laboratories and charged to appropriate funding sources. Funding sources for General Fund-supported positions may include funds from available General Fund balances allocated by the Office of the President to the campuses by fiscal year end for various purposes including faculty recruitment and budgetary savings relief. Payments for positions which are not supported by General Fund sources are the responsibility of the campuses and shall be charged to appropriate funding sources. Laboratories shall use appropriate contract funding sources for the relocation allowance.

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<sup>3</sup> Replaces Executive Program Policy 31 issued 1/89, and Management Program Guidelines issued 10/84, both titled Relocation Incentive--Temporary Salary Supplement.

E. AUTHORITY

Individual Chancellors and Laboratory Directors shall determine the amount of the relocation allowance within the limits of this Policy. If the total value of the relocation allowance and the member's annualized base appointment salary equals or exceeds the amount requiring Regental approval as stated in Bylaw 12.3(m) and Standing Order 101.2(a), a one-time approval by The Regents, upon recommendation of the President through the appropriate Regents' Standing Committees, is required.

