

Moving Expenses

CATS

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INDIANA UNIVERSITY

OFFICE OF FINANCIAL MANAGEMENT SERVICES

Moving Expenses

- What is it?
- Who gets it?
- How do we pay for it?
- What are the limitations?

Moving Expense Policy FIN-ACC-I-310

Reason for the Policy

- Provide a means for paying for or reimbursing **moving expenses** incurred by new employees that are full-time staff or faculty.

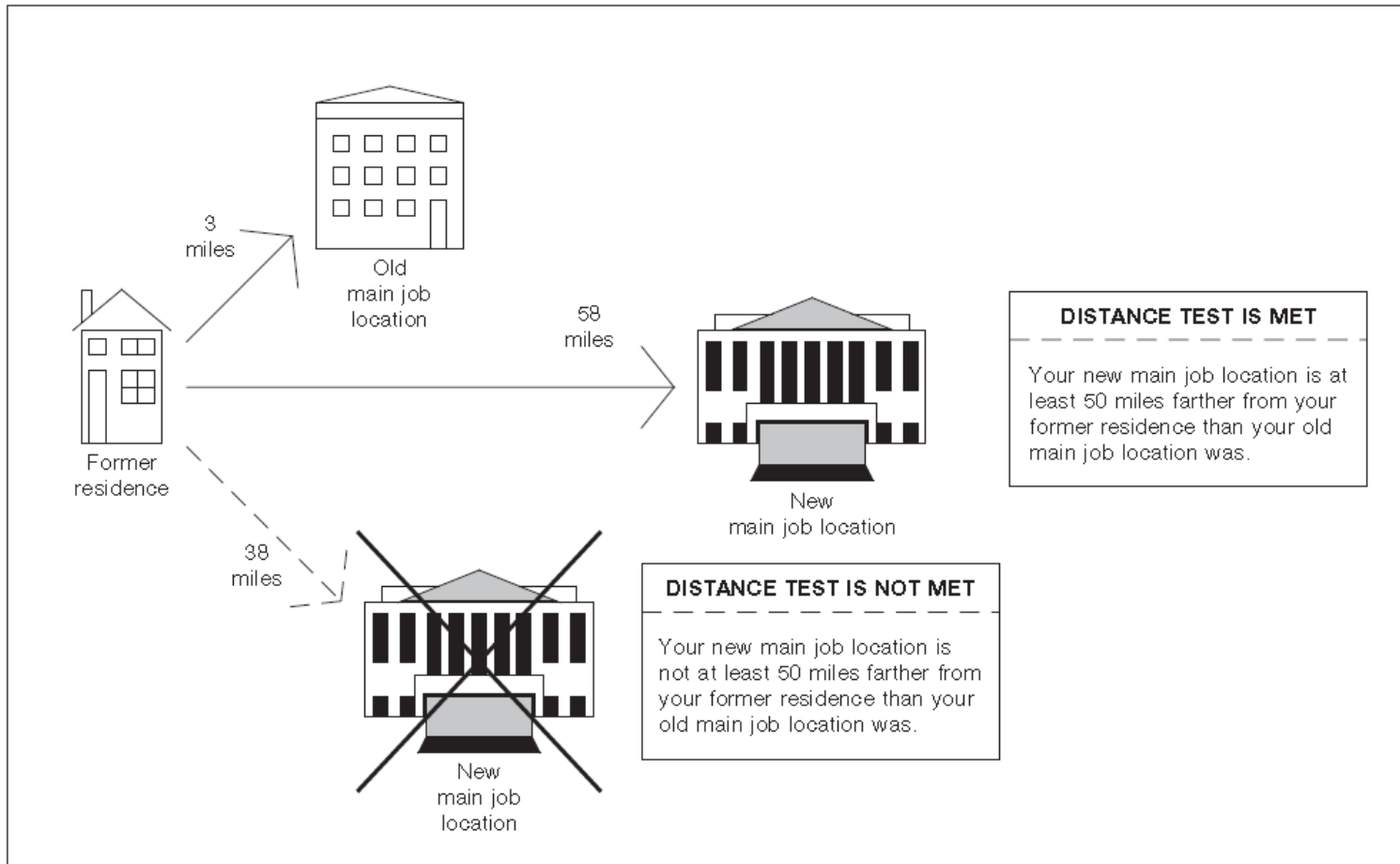
<http://policies.iu.edu/policies/categories/financial/accounting-administration/FIN-ACC-I-310-moving-expenses.pdf>

What Are Moving Expenses?

- Expenses associated with the transportation of household goods and personal effects from a prior residence to a new residence. (includes pets)
 - packing, shipping and unloading, (unpacking services do not qualify)
- Travel from a former residence to a new residence. (one trip per person)
- Limited to \$10,000 from IU funds

What Are Moving Expenses?

- Subject to IRS test
 - Closely related to start date of work
 - Within 1 year – Exception: if spouse stays behind so children can finish school
 - Distance test
 - New job location is at least 50 miles farther from former residence to old job
 - Time Test - is assumed to be met (must work FT for 39 wks in first 12 months)



Inter-campus moves for existing faculty or staff are at the discretion of the campus chancellor and must meet the time test to be reimbursed tax free.

Reasonable Expenses

- Reimburse or pay expenses that are reasonable for the circumstances
- For example - cost of traveling from a former residence to a new residence should be the shortest, most direct route, using conventional transportation
- Side trips or stop-overs for sight-seeing are not reasonable moving expenses.

Members of your Household

- Reimburse **Moving Expenses** (possessions and travel) for employee and members of their household
- A member of the employee's household is anyone who has both the former and new residence as his or her home.
- It does not include tenants or employees of our employee unless they are dependents

Accountable Plan

- Moving expenses are subject to the IRS Accountable Plan rules:
 - IU Business Connection:
 - Deductible expense incurred while performing services as an employee of IU.
 - Per IRS - moving possessions and travel from former to new residence
 - Must adequately account for expenses in a reasonable time (60 days)
 - Return any excess reimbursement or allowance in reasonable time.

Examples of Moving Expenses

- Moving truck - contracted moving company or do-it-your self (U-Haul)
- Packing, crating services
- Packing materials
- Shipping a vehicle
- Moving household items from a place other than your former home. Limited to the amount it would cost from former home

Examples of Moving Expenses

- Storage – cost of storing and insuring household goods within any period of 30 consecutive days after the day your things are moved from the former home and before they arrive at the new home
- Travel by Car
 - Actual expenses for gas, (need receipts) Or
 - Standard mileage of 23.5 cents for 2014

Examples of Moving Expenses

- Transportation and lodging for employee and members of the household while traveling from former residence to new residence.
 - Includes tolls and parking.
- Don't have to travel together, but only one trip per member of household
- Includes lodging at the old residence the day you can no longer live in your former residence and the day of arrival

Contracts and Grants

- **Moving Expenses** may be allowed on contracts & grants within the \$10,000 limit.
 - May be subject to other IU policies or policies of the granting agency.
- If charged against a federal grant and the employee terminates within 12 months of hire, then 100% of charges will be disallowed.

What are NOT Moving Expenses:

- Per IRS and IU policy, there are expenses associated with a move that are not moving expenses. Per policy, referred to as “Ineligible Expenses”
- These expenses can be reimbursed but are taxable.
- Paid through payroll as supplemental moving.
- Not subject to \$10,000 IU funds limit

Examples of Ineligible Expense

- Meals consumed during travel
- House hunting trips
- Temporary living expense in new location
- Travel expense related to side trips in route
- Return trip to former residence
- Storage expense except for between leaving old residence and arriving at new

Ineligible Expense listed by IRS

- Any part of the purchase price of new home
- Car license plates
- Drivers license
- Expense of selling existing home
- Loss on sale of home
- Mortgage penalties
- Real estate taxes
- Refitting of carpet and draperies
- Security deposits
- Loss on disposal of memberships in clubs
- Storage charges expect those incurred in transit.

Scholarly Equipment and Materials

- Relocation of laboratory, library, scholarly collections or research equipment to university premise is not MOVING.
- Ordinary IU business expense
 - Do **not** use object 5070
- Not subject to \$10,000 limitations

HOW TO PROCESS MOVING & NON MOVING EXPENSE

Moving Companies - Purchasing

Purchasing has contracts with preferred moving companies, see Relocation

Procedures for:

- IU contributes to moving cost
- Employee pays entire moving cost
- Moving Office and/or Research Equipment

Moving Companies - Purchasing

- IU contributes to moving cost
 - IU covers all or partial and employee pays balance due when household is delivered.
 - To initiate, hiring department or employee completes Moving Request for Contractor form.
 - Additional steps required to select company
 - Create requisition

See website for step by step instructions:

<http://www.indiana.edu/~purchase/resources/procedures.shtml#contribute>

Moving Companies - Purchasing

- Employee pays entire moving cost
 - Even if IU faculty or staff (new hired as well as retiring or departing) and students (entering or departing) are paying the entire relocation cost they are eligible for IU discount.
 - See:

<http://www.indiana.edu/~purchase/resources/procedures.shtml#employee>

Moving Companies - Purchasing

- Office and/or Research Equipment
 - Use if moving to IU facility
 - Get two quotes if the same company is moving household goods.
 - See:

<http://www.indiana.edu/~purchase/resources/procedures.shtml#office>

Disbursement Voucher

- To reimburse employee for eligible **Moving Expense**
- Use payment reason:
M-Moving Reimbursement
- Payee ID: employee ID
- Always use Object Code 5070

Disbursement Voucher

- Detail the expenses for easy review.
- Let us know if mileage is claimed.
- Include a note if Moving Expense is over \$10,000, that funds for the overage were transferred from the foundation.
- Ok to include receipts with both taxable and non-taxable. We will add to W-2.

MOVING EXPENSE - TAXABLE/NON-TAXABLE EXPENSE BREAKDOWN				
ENSURE AMOUNT IS NOT OVER \$10,000 IU LIMIT - CONTACT IUF IF OVER LIMIT				
Employee ID:	0002976xxx			
Employee Name:	Sample Employee	A12		
DV Document #:	22166685			
Total Check Amount:	\$ 1,000.00			
Hire Date	hire 8/1/2011	OK - TIME test met		
Review Address FROM	Lombard, IL	OK - DISTANCE test met		
Non-taxable Moving Expenses				
		Miles	2013 Rate	
Mileage-Employee	\$ -		\$ 0.24	
Mileage-Spouse	\$ -		\$ 0.24	
Budget rental truck 6/3-5/13	\$ 196.60			
Rental truck 7/3/13	\$ 218.00			
Wandas Rentals 7/3/1/13	\$ 292.00			
Extra miles charge 7/6/13	\$ 58.00			
Movers (furniture) 7/5/13	\$ 450.00	MVG	\$ 1,000.00	limit
Moving supplies 6/28/13 & 7/2/13	\$ 50.28	MVT	\$ -	
Gasoline 6/4/13	\$ 130.43			
Gasoline 7/5/13	\$ 125.59			
TOTAL	\$ 1,520.90			
Taxable Expenses				
NONE				

MOVING EXPENSE - TAXABLE/NON-TAXABLE EXPENSE BREAKDOWN				
ENSURE AMOUNT IS NOT OVER \$10,000 IU LIMIT - CONTACT IUF IF OVER LIMIT				
Employee ID:	0003270xxx			
Employee Name:	Sample Employee			
DV Document #:	21583115	A12		
Total Check Amount:	\$ 2,000.00			
Hire Date	8/1/2013	OK - TIME test met		
Review Address FROM	Ontario, Canada	OK - DISTANCE test met		
Non-taxable Moving Expenses				
Fuel	\$ 334.86	<i>Receipts all within move date range</i>		
Hotel - 7/22/13-7/23/13	\$ 213.26			
Movers	\$ -			
Uhaul to Storage Locker - 6/28/13	\$ 73.56			
Uhaul to destination - 7/21/13	\$ 1,024.05			
Additional Uhaul Mileage - 7/25/13	\$ 58.64			
Movers - Unload Truck - 7/23/13	\$ 185.95			
Storage Unit	\$ 52.85			
Tolls	\$ 34.60			
I-94 Fees	\$ 18.00			
TOTAL	\$ 1,995.77			
Taxable Expenses				
Meal Expenses	\$ 40.03	MVG	\$1,959.97	
		MVT	\$ 40.03	
TOTAL	\$ 2,035.80			

IU Reporting Requirements

- **Moving Expense** paid under the accountable plan (tax exempt) is reported on the W-2 in box 12, code P. This includes employee direct reimbursement and amounts paid on their behalf. Used by employee for their individual tax reporting.
- Taxable reimbursements are reported in box 1 of W-2 and box 14 0.

Road Blocks

- We know the Moving Policy is out of date
- We are adding an Accountable Plan Policy
- What road blocks do you have regarding moving?
- What suggestions to you have?

References

- [Moving Policy](#)
- [IRS Publication 521 Moving Expense](#)

Contact Information

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