HSC OP: 72.18, Employee Moving Expenses

PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to establish procedures for paying employee moving expenses.

REVIEW: This HSC OP will be reviewed in November of each odd-numbered year (ONY) by the Managing Directors of Payroll and Tax Services, and Procurement Services, and the Vice President for Human Resources, with recommendations for revisions forwarded to the Vice President and Chief Financial Officer by December 15.

AUTHORITY AND APPLICABILITY:

This operating policy/procedure follows the tax rules set forth by the Internal Revenue Service (IRS), See, IRS Publication 521 for more information. In the event that the IRS rules change or there is a discrepancy between this HSC OP and the IRS, the rules set forth by the IRS will prevail.

POLICY / PROCEDURES:

1. Employee Moving Expenses

    a. All relocation payments made on or after January 1, 2018 are taxable. Passage of the Tax Cuts and Jobs Act removed the individual moving expense deduction effective January 1, 2018. The change prohibits an employer’s ability to pay and/or reimburse an employee’s moving expense as a nontaxable payment. As such all relocation payments made on or after January 1, 2018 will be taxable and must be submitted on the MOV earn code.

    b. Payments of moving expenses to the employee should be processed through the Employee One-Time Payment System (EOPS), located at https://banapps.texastech.edu/itis/PY_employee_OTP/Welcome.aspx. The MOV pay code should be used for all moving expenses.

        i. Actual Reimbursement: if reimbursing actual (incurred) moving expenses, please submit copies of the receipts with the MOV EOPS. Receipts need not be original; physical and/or digital copies are sufficient. Scanned copies of all applicable receipts attached to the EOPS as a PDF document is the preferred method. The following information should be included with the receipts...

           (1) The date the employee accepted the job;
           (2) The date the employee started work;
           (3) The date(s) the moving expenses were incurred;
           (4) The date(s) the employee was traveling and moving;
           (5) The employee’s former city of residence; and
           (6) The family members who traveled with the employee

        ii. Relocation Stipend: For relocation stipends, receipts are not required if an offer letter indicating the amount of the relocation stipend offered is attached to the EOPS transaction. Departments do not have to wait until the move has occurred to submit the EOPS payment

    c. Payments of expenses to a contracted third party vendor should be made through TechBuy.
i. If agreed upon by the department and the employee, departments may contract with a third party vendor to complete the moving/relocation services. In this case the moving expenses should be paid directly to the moving company through TechBuy. Any moving expenses that are paid through TechBuy to a third party on behalf of an employee are considered a taxable benefit. Amounts paid to a third party on behalf of an employee that are for moving expenses will be added to the employee's W-2 wages with taxes withheld. It is the responsibility of the department to inform the employee that taxes will be withheld on this type of payment.

2. **Approvals**

   a. Reimbursement for moving expenses requires the approval of the appropriate dean, regional dean, or vice president.