



# Policy and Regulations Governing Moving and Relocation

<b>Responsible Officer:</b>	AVP - Systemwide Controller
<b>Responsible Office:</b>	FA - Financial Accounting
<b>Issuance Date:</b>	3/15/2018
<b>Effective Date:</b>	3/15/2018
<b>Last Review Date:</b>	10/15/2017
<b>Scope:</b>	<ul style="list-style-type: none"> <li>• This policy applies to the Payment of moving expenses for the University’s Managers and Senior Professionals (MSP) and Professional and Support Staff (PSS) personnel.</li> <li>• This policy does not apply to Personnel at the Lawrence Berkeley National Laboratory.</li> <li>• Senior Management Group (SMG) and academic personnel are addressed in separate policies.</li> </ul>

For questions regarding specific moving-related reimbursements, please contact your campus representative.

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## TABLE OF CONTENTS

<b>I. POLICY SUMMARY .....</b>	<b>2</b>
<b>II. DEFINITIONS .....</b>	<b>2</b>
<b>III. POLICY TEXT.....</b>	<b>3</b>
<b>IV. COMPLIANCE/RESPONSIBILITIES .....</b>	<b>6</b>
<b>V. PROCEDURES.....</b>	<b>7</b>
<b>VI. RELATED INFORMATION .....</b>	<b>8</b>
<b>VII. FREQUENTLY ASKED QUESTIONS .....</b>	<b>9</b>
<b>VIII. REVISION HISTORY .....</b>	<b>9</b>

## **I. POLICY SUMMARY**

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It is the policy of the University to comply with Internal Revenue Service (IRS) regulations concerning the reimbursement of moving expenses.

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## **II. DEFINITIONS**

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### ***Chancellor***

The chief executive officer of the campus. For purposes of this Bulletin, the authorities and responsibilities assigned to the Chancellor are also assigned to the Executive Vice President---Chief Operating Officer, and the Vice President, Agriculture and Natural Resources.

### ***Members of Household***

Internal Revenue Service (IRS) Treasury Regulation Section 1.217-2(b)(10) defines "members of the household" as other individuals who are members of the taxpayer's household, and who have the taxpayer's former residence and the taxpayer's new residence as their principal place of abode. A member of the taxpayer's household is any individual, including a domestic partner, residing at the taxpayer's residence who is neither a tenant nor an employee of the taxpayer.

### ***Moving Expenses***

Moving expenses eligible for payment are defined in Internal Revenue Code (I.R.C.) Section 217(b)(1) as the reasonable costs (or expenses) 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 the members of his or her household, as authorized in I.R.C. Section 217(b)(2). Section III.A.2. details the specific moving expenses that may be paid for the personnel positions covered by this Bulletin. Although the University may pay all or part of an individual's moving expenses, these payments are taxable salary/wage income if paid during the period of January 1, 2018 through December 31, 2025, as authorized in I.R.C. Sections 217(k) and 132(g)(2).<sup>1</sup> University payments of an individual's moving expenses are taxable for federal purposes, whether they are paid directly to the individuals or paid to a third party on behalf of the individual. Please see Section V.A.4. for more information about the IRS Form W-2 reporting and withholding requirements.

### ***Reasonable Costs (or expenses)***

IRS Treasury Regulation Section 1.217-2(b)(2) includes as reasonable costs those costs or expenses that are reasonable under the circumstances of a particular move.

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<sup>1</sup> I.R.C. Sections 217(k) and 132(g)(2) were added under Public Law (P.L.) No. 115-97.

***Primary Residence (or Principal Residence)***

The principal dwelling where the employee actually lives and is considered as the legal residence for income tax purposes.

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### **III. POLICY TEXT**

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#### **A. Reimbursement of Moving and Relocation Expenses**

The reimbursement of moving expenses is at the sole discretion of the University and is subject to the availability of funds. Departments may pay all or a portion of such expenses. Chancellors may establish local provisions that are more restrictive than those in this Bulletin. In addition, the terms of a collective bargaining agreement shall govern when such terms do not conform to the provisions contained in this Bulletin.

The eligibility requirements for the payment of moving expenses for a new appointee or a current employee, in an MSP or PSS position, and a description of the types of expenses that may be paid, are detailed below:

##### **1. Eligibility for Reimbursement**

Actual moving expenses may be paid for new appointees to certain nonacademic positions requiring specialized training and/or experience of a technical, professional, or administrative nature. The new appointee must reside outside the commuting distance of the campus to which they have been appointed. Moving expenses may, at campus discretion, be paid by the University when a current employee is required to transfer or accepts a position, including a position at the same grade or a lower grade, at a campus outside a reasonable commuting distance. The move must be closely related to the start of work and meet both the time and distance tests under I.R.C. Section 217(c).<sup>2</sup> Unless all *three* requirements are met, the University should not reimburse the employee, or pay a third party on behalf of the employee, for moving expenses.

##### **a. Related to the 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.

##### **b. Time Test**

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

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<sup>2</sup> Though not required for tax reporting purposes under P.L. 115-97 since all reimbursements are taxable, these are requirements under UC Policy in order to be eligible for moving expense reimbursement. Exceptions to these tests may be requested for special circumstances.

### c. 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.

## 2. Reimbursable Expenses

Actual and necessary moving expenses are eligible for reimbursement, including the following:

- The cost of packing, crating, transporting, unpacking, and uncrating the appointee's household goods and personal effects. Such costs are limited to one household move per appointee.

Actual and reasonable expenses related to insurance for the household goods while in transit, if incurred within any 30-day period after removal of the household goods and effects from the former primary residence.

- Actual and reasonable storage costs for household goods and personal effects for up to 30 days immediately after removal from the primary residence.
- Actual and reasonable expenses related to moving two personal motor vehicles per household (which may include motorcycles but excludes the vehicles listed below). The vehicles may be shipped or driven. If the appointee decides to drive his or her personal vehicle, the appointee will be reimbursed at the mileage rate published in BFB [G-28](#), Appendix A.
- Actual travel expenses for the individual and his or her immediate family, but not to exceed the cost of air coach transportation. If the appointee claims meal costs en route, those costs must be reimbursed in accordance with BFB [G-28](#).
- The cost of furnished temporary lodging for up to 30 days and groceries for up to 30 days of residence in the temporary furnished lodging if it has cooking facilities. If the lodging is in a hotel-type facility without cooking facilities, meal reimbursements will be made in accordance with BFB [G-28](#).

The following costs are not reimbursable:

- Assembly and disassembly of unusual items such as swing sets, swimming pools, satellite dishes, hot tubs, and storage sheds.
- Animals (except for household pets consisting of domesticated animals normally kept or permitted in a residence) or the costs associated with kenneling of pets.
- Motorized recreational vehicles, including boats, kayaks, canoes, airplanes, camping vehicles, snow machines, and jet skis.
- Canned, frozen, or bulk foodstuffs.

- Building supplies, farm equipment, and firewood.
- Plants.

All moves of the employee and members of his or her household should be completed within one year of the date an appointee first reports to the new job, even if his or her appointment date was effective prior to the report date.

## **B. Reimbursable Relocation Expenses**

### **1. Sale of Residence Costs**

The University may reimburse actual and reasonable selling costs directly associated with the sale of the appointee's former primary residence, if the residence must be sold to relocate to the new assignment. The amount of the reimbursement will depend on prevailing practices within the area of the sale. The sale of the residence must occur within twelve (12) months of the appointee's start date.

Actual and reasonable selling costs must have documentation to be reimbursed and may include:

- Brokerage commission, not to exceed 3% of the final sales price or \$30,000, whichever is less;
- Non-recurring closing costs not to exceed 2% of the selling price, not to exceed \$20,000, whichever is less;
- Mortgage prepayment penalties not to exceed \$15,000; and
- Miscellaneous seller's costs customary to the area that may be reimbursed if determined appropriate by the University, not to exceed \$10,000.

The University will not reimburse income taxes, property taxes or assessments associated with the sale of the residence, or the cost of physical improvements intended to enhance salability by improving the condition or appearance of the residence.

### **2. Settlement of Unexpired Lease**

The University may reimburse actual and reasonable costs directly associated with the settlement of an unexpired lease of a former primary residence if an appointee must settle that lease to relocate to the new assignment. The amount of the reimbursement will not exceed six (6) months of the lease or \$25,000, whichever is less, including any penalty paid to terminate the lease.

The University will not offer reimbursement if the appointee knows or reasonably should have known that relocation was imminent prior to entering a lease agreement. The University will not reimburse the cost of physical improvements intended to enhance marketability of the leasehold by improving the condition or appearance of the residence.

### C. Repayment Provision

An MSP or PSS appointee who voluntarily separates from the position prior to completing one year of service and does not accept a position within the UC system within 12 months from his or her initial date of appointment, may be required to pay back 100 percent of the moving and relocation expenses. This provision will be included in the offer letter of the appointee. Campuses should determine the appropriate office to ensure that repayment by the former employee occurs. This provision is not applicable to academic personnel.

### D. Deadline to Submit Reimbursement Requests

In accordance with IRS guidelines, employees seeking reimbursement for these moving and relocation expenses incurred from their personal funds must submit their expense reports within a reasonable amount of time not to exceed sixty days after the expenses were paid or incurred. If the expense reports are not submitted within this time limit, it is left to the discretion of the location (based on the facts and circumstances) whether to reimburse the expense.

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## IV. COMPLIANCE/RESPONSIBILITIES

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Function	Responsibilities
Executive Vice President- Chief Financial Officer	<ul style="list-style-type: none"> <li>Establishing and updating the policies set forth in this Bulletin.</li> </ul>
Department Heads	<ul style="list-style-type: none"> <li>Approving the payment of moving expenses and relocation payments in accordance with the procedures contained in this Bulletin.</li> </ul>
Chancellors	<ul style="list-style-type: none"> <li>May establish local provisions that are more restrictive than those in this Bulletin.</li> </ul>
Campus Controller's Office	<ul style="list-style-type: none"> <li>Verify that the amounts claimed are allowable by reviewing all supporting documentation; ensure that the documents were properly approved prior to making a payment; Ensure that adequate post audit reviews were performed; and Ensure that such payments are tax coded appropriately.</li> </ul>
<ul style="list-style-type: none"> <li>Executive Vice President- Chief Operating Officer</li> <li>Vice President-Agriculture and Natural Resources</li> <li>Principal Officers of The Regents</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that the authorities and responsibilities assigned to the Chancellor for the reimbursement of moving expenses are enforced for the employees its jurisdiction.</li> </ul>

University of California – Policy G-13  
 Policy and Regulations Governing Moving and Relocation

Payment Approval Authority	Exceptions Permitted	Exception Approval Authority	Comments
<p>Department Head</p> <p>Have the authority to approve payment of the actual moving expenses of new appointees and current employees eligible to receive such payments under this Bulletin.</p> <p>This authority must be documented by a signature authorization card on file with the campus accounts payable office or by an equivalent electronic signature authorization.</p> <p>Chancellors and Executive Vice President-Chief Operating Officer</p> <p>Any further re-delegation of this authority must be submitted in writing to the appropriate authorities.</p>	<p>Yes</p>	<p>Exceptions may be authorized by the Chancellors; Executive Vice President-Chief Operating Officer; Vice President-Agriculture and Natural Resources; Principal Officers of The Regents; or their designees.</p>	<p>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 as provided in Section V.A.3.</p> <p>Exceptions to the three part test detailed in section III.A.1 may be granted under certain circumstances.</p>

## V. PROCEDURES

### A. Payment Procedures

The following procedures govern the payment of cash advances and reimbursements to an appointee, or direct payment by the University to a moving vendor.

#### 1. Advance Payments

Normally, payments made in advance to a new appointee or a current employee for moving expenses should not exceed 75% of the total estimated reimbursement. The Chancellor or his or her designee may approve 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.

## 2. Payments Made Directly by the University

The University may pay the cost of transporting the household goods and personal effects of a new appointee or a current employee directly to a common carrier or household mover. The individual, however, must use a common carrier from the University's preferred vendor list. Such payments must be requisitioned using a purchase order.

## 3. Reimbursement Payments

A request for reimbursement of moving expenses must be submitted to the campus accounts payable office on a Travel Expense Voucher (or an equivalent electronic form). The expenses must be listed in detail, supported by original receipts or equivalent electronic receipts that contain the same level of detail as an acceptable paper receipt, and approved by the employee's department head or other authorized official. Common carrier expenses may be reimbursed if the carrier is included on the University's preferred vendor list.

## 4. Tax Reporting

Amounts paid for moving expenses from January 1, 2018 through December 31, 2025, *whether or not they are paid directly to an employee*, are includible in an employee's gross income, subject to withholding of federal income, social security, and Medicare taxes. Such amounts must be tax coded for reporting on the employee's W-2 for moving expense payments through December 31, 2025 under I.R.C. Sections 217(k) and 132(g)(2).<sup>3</sup> Not all moving—related expenses are subject to California income tax as of January 1, 2018. Consult UCOP Tax Services for clarification.

Accounting Manual chapter D-371-12.1, *Accounting For and Tax Reporting of Payments Made through the Vendor System* provides additional 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.

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## VI. RELATED INFORMATION

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Academic Personnel Manual

- Section [550](#): *Recruitment, Moving Expenses for Intercampus Transfer*
- Section [560](#): *Recruitment, Removal Expenses/General*

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<sup>3</sup> I.R.C. Sections 217(k) and 132(g)(2) were added under P.L. No. 115-97



University of California – Policy G-13  
Policy and Regulations Governing Moving and Relocation

- Section [561](#): *Recruitment, Removal Expenses/Assistants*

Accounting Manual Chapters

- D-371-12.1, *Accounting for and Tax Reporting of Payments Made Through the Vendor System*
- D-371-16, *Disbursements: Approvals Required*
- D-371-36, *Disbursements: Invoice Processing*
- P-196-28, *Payroll: Federal Taxation of Citizens*

Business & Finance Bulletin [G-28](#), *Travel Regulations*

Internal Revenue Code Sections:

- Section 132, *Certain Fringe Benefits*
- Section 217, *Moving Expenses*

Internal Revenue Service Publications

- [15-B](#), *Employer's Tax Guide to Fringe Benefits*
- [521](#), *Moving Expenses*
- [535](#), *Business Expenses*

Public Law No. 115-97

Senior Management Group Policies

- [Senior Management Group Moving Reimbursement \(Regents Policy 7710\)](#), dated November 14, 2013

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## VII. FREQUENTLY ASKED QUESTIONS

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Not applicable.

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## VIII. REVISION HISTORY

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**3/15/18:** Updated that all moving expense payments to employees or to third parties on behalf of employees from January 1, 2018 through December 31, 2025 are includible in an employee's gross income, subject to withholding of applicable federal income, social security, and Medicare taxes. Such amounts must be tax coded for reporting on the employee's IRS Form W-2. These changes were made due to Public Law No. 115-97.

This Policy was also remediated to meet Web Content Accessibility Guidelines (WCAG) 2.0.

**10/15/17:** Reformatted policy to the revised template, and made minor technical corrections. Revised to require submission of nontaxable expenses within a reasonable amount of time not to exceed sixty days. Added repayment provisions requiring new appointees to reimburse moving and relocation expenses if the appointees voluntarily

**University of California – Policy G-13**  
**Policy and Regulations Governing Moving and Relocation**

separates from the position prior to completing one year of service. Removed policy on relocation allowances. Added policy on reimbursable sale of residence or unexpired lease expenses. Clarified the reimbursement of meals while in temporary living quarters.

**3/30/12:** Reformatted into the new policy format.

**3/31/10:** Revised to remove SMG employees who are covered in a separate SMG Moving Reimbursement Policy.

**12/1/09:** Revised to allow for full payment of moving expenses for MSP and Staff employees.

**11/30/98:** Revised to reflect Form 4782 filing requirement and reporting on Form W-2 of nontaxable moving expenses paid directly to a third party.

**7/1/96:** First Published