



Title:	Moving Expense Reimbursement Policy
Effective Date:	March 11, 2016
Approved By:	President's Council
Responsible Party:	Vice President for Financial Affairs
History:	

I. PURPOSE:

To enable the Salus University (sometimes referred to herein as the “University”) to be competitive in the employment market and to be able to attract and retain a competent work force, it may be necessary to defray an employee's moving expenses.

II. DEFINITIONS:

Start Date – An employee’s Start Date, which also is referred to as the Effective Date, is the date on which an employee’s services to the University are to commence.

III. POLICY:

- Salus University may provide reimbursement for the aggregate, actual, allowed moving expenditures when accompanied by adequate accounting and documentation.
- Reimbursement is allowed up to the maximum individual reimbursement rates or the maximum aggregate moving expense reimbursements limit as prescribed in this policy.
- All moving expense reimbursements shall comply with the terms and conditions of the Salus University Employee Moving Expense Reimbursement Policy as prescribed herein.
- The determination of whether an expense shall be treated by Salus University as Qualified or Non-Qualified shall be in the sole judgment of Salus University.

IV. PROCEDURE

A. Eligibility and Authorization

- The President, Chief of Staff or the Provost are authorized to offer moving expenses on a case-by-case basis up to the limits set forth in this policy.
- The University may contract with a preferred Mover, in which case all approved moving is to be coordinated through the preferred movers with the assistance of the Human Resources Department.
- This Employee Moving Expense Reimbursement Policy and the Relocation and Moving Expense Agreement must accompany all employment offers where the University is agreeing to provide moving support. Moving expense reimbursement is limited to fulltime faculty and University Officer positions.
- When hired, but prior to incurring any moving expenses, the new employee and the Provost and Vice-President for Financial Affairs, as appropriate, shall sign the Relocation and Moving Expense Agreement stating the terms and conditions associated with receipt of any moving expense reimbursement. The signed agreement must be on file in the Office of Human Resources. A copy of this signed agreement shall be forwarded to the Controller.

- The maximum aggregate moving expense reimbursement, which includes all forms of payment or reimbursement authorized by this Policy, shall not exceed 10% of the employee's base salary or \$15,000, whichever is less, or such lower maximum as may be set by the President, Chief of Staff or the Provost. However, the President or Provost have the authority to set a lower limit.

B. Repayment of Moving Expense Reimbursements

- In the event a newly hired employee does not remain employed with the University for the required period of employment as stated in Section 1 of the Relocation and Moving Expense Agreement, whether due to the employee's resignation, termination or otherwise, the employee shall repay to the University (on a prorated basis where applicable) the amount of the moving expense reimbursement which the University has paid (to or on behalf of the employee).
- Repayment amounts shall be prorated as set forth below. Unless a shorter time period is specified in the Relocation and Moving Expense Agreement, if employee's employment with the University ends:
 1. Within one (1) year of the employee's effective date of employment ("Start Date"), the employee shall be required to pay back all (100%) of the reimbursed moving expenses.
 2. More than one (1) year but within two (2) years from the employee's Start Date, the employee shall be required to pay back that portion of the reimbursed moving expenses that exceeds \$5,000.
 3. More than two (2) years but within three (3) years from the employee's Start Date, the employee shall be required to pay back that portion of the reimbursed moving expenses that exceeds \$10,000.

C. Moving Expense Payments

- The University Controller is responsible to ensure that all approved moving expenses are paid by the University per this policy.
- A "Moving Expense Tax Form" must be prepared whenever the University reimburses an employee or pays a third party on the employee's behalf. To be acceptable a form must include the 50-mile test (see below) and group moving expenses into the categories referred to below.

D. Tax Reporting and Withholding

- The University Payroll Office is responsible for payroll tax reporting and withholding on moving expense payments.
- Moving expense payments made by the University must be separated into the accurate category to ensure proper tax reporting and withholding. The categories as outlined below are Nonqualified Expenses, Qualified Expenses paid to Employees or Qualified Expenses paid to Third Parties.
 1. Nonqualified Moving Expenses: Nonqualified moving expenses are payments by the University for temporary living costs, house hunting, the costs of selling an old residence or buying a new one, the costs of meals consumed while traveling, the costs of breaking an old lease, etc. Whether the employee is reimbursed or the payment goes directly to a third party, these payments must be reported as federal wages in Box 1 of Form W-2 and are subject to income tax withholding and Medicare taxes.

2. **Qualified Moving Expenses:** Qualified moving expenses are the costs of transporting an employee who meets three requirements (outlined below in Section E), his family, and his household goods and personal effects from his old residence to his new residence. Employees are only allowed to claim costs of transportation one-time as a qualified expense. Any return trips to a former residence to close on property or move additional items will be reported as nonqualified moving expenses and subject to income tax withholding and Medicare taxes.
3. **Qualified Moving Expenses Paid to Employees:** These payments are not taxable income to the employee, are not included in Box 1 of Form W-2, and are not subject to income tax withholding or Medicare taxes. They are reported in Box 12 of Form W-2 and are identified with code P.
4. **Qualified Moving Expenses Paid to Third Parties:** Qualified moving expenses paid directly to third parties (e.g., to a moving company) are not reported anywhere on the Form W-2.

E. Three Requirements an employee must meet for expenses to be considered Qualified Moving Expenses

- Each of the following requirements must be satisfied before classifying an expense as "Qualified".
 1. **The 50-Mile Test-** No moving expenses can be excluded from the employee's income unless the employee's new work site is at least 50 miles farther from his former residence than his old work-site was from his old residence.
 2. **The Time Test -** During the 12 months immediately following the employee's arrival in the new location, the employee is employed full time for at least 39 weeks.
 3. **Move is closely related to the start of work -** The employee's move must be closely related, both in time (generally within 12 months to start date) and place (generally the distance from the employee's new home to the new job location should not be greater than the distance from the employee's former home to the new job location), to the start of work at the new job location.

F. Allowable Automobile Mileage Rate

- Each year's standard rate can be found in IRS Publication 521, Moving Expenses. Employees may choose to move their household goods, personal effects and family members themselves using their own or rented modes of conveyance, as follows:
 1. The University may reimburse rental charges, which include mileage rates charged by the rental company for truck rental, towing dolly or other rental conveyance, plus fuel costs for the rental vehicle for employees to move their own household goods, personal belongings and privately owned vehicle(s).
 2. The University may reimburse the employee up to a \$100 maximum for personal property insurance premium to insure household goods. The University will not reimburse the employee for personal liability insurance premiums.

G. Storage Including Warehouse Handling and Delivery

- New employees are strongly encouraged to make arrangements for housing prior to the arrival of household goods at the new location. However, if under unusual circumstances prior housing cannot be arranged, the University may reimburse the following expenses:

1. Storage of household goods up to a maximum of thirty (30) consecutive days after the items are moved from the former residence and before they are delivered to the new residence.
2. The University may reimburse delivery and handling charges for the stored household goods and personal belongings; however, total storage, handling and delivery charges shall not exceed \$800.

**Appendix A: IRS Taxable/Nontaxable Moving Expenses
for examples of
Qualified and Non-Qualified moving reimbursements**

Allowable reimbursements by the University may have tax consequences for the employee. Table A1 details allowable reimbursements that the IRS considers qualified and non-qualified real estate relocation expenses. This list is not necessarily all-inclusive and is intended solely as a reference. For further information, consult the IRS moving reimbursement regulations (IRS Publication 521 or 523). Employees are encouraged to consult with a personal tax professional for advice on the tax implications of any moving reimbursements.

Table A1. Examples of Qualified and Non-qualified Moving Reimbursements

Qualified (non-taxable; deductible by employee)**	Non-Qualified(Taxable or non-deductible by employee)*
Travel-only during actual move from former to new location.	Travel-during any trips other than the actual move, such as house hunting.
Lodging-only during actual move from former to new location.	Lodging-during any trips other than the actual move, such as house hunting.
Moving household goods and personal effects to new location.	Meals with original receipts
Packing charges	Return travel to former residence for business such as property closures or moving of additional items.
Personal property insurance	
Appliance Services	
Extra labor	
Truck rental or other rental conveyance	
Mobile home moves	

NOTES:

**The total dollars of "Qualified Moving Expenses" reimbursed directly to the employee must be included on the employee's W-2 form in box thirteen (13) as Code P.

*The total dollars of "Nonqualified Moving Expenses" will be processed through the payroll system as taxable compensation, with applicable taxes withheld and corresponding employer benefits paid.



**Salus University
Relocation and Moving Expense Agreement**

Agreement made on _____, between Salus University (the University) and _____, (Employee),

WITNESS:

Whereas, Employee, with an employment date effective _____ (Start Date), is a suitable candidate for the position(s) of _____ and has entered into an employment agreement with the University; and

Whereas, the University and Employee mutually desire to move and relocate Employee's residence from _____, to _____ so that Employee's residence is in the area of Employee's employment; Now, therefore, the University and Employee agree:

1. Effective _____, Employee agrees to work on a full-time basis at the University for at least one year beginning _____ and ending _____. For faculty appointed on an academic year basis, one year is defined as two concurrent regular academic sessions of fall and spring or spring and fall semesters equal to nine months. For all other annual faculty and employees, one year is defined as twelve months.
2. Repayment amounts shall be prorated as set forth below. Unless a shorter time period is specified in the Relocation and Moving Expense Agreement, if employee's employment with the University ends:
 - a. Within one (1) year of the employee's effective date of employment ("Start Date"), the employee shall be required to pay back all (100%) of the reimbursed moving expenses.
 - b. More than one (1) year but within two (2) years from the employee's Start Date, the employee shall be required to pay back that portion of the reimbursed moving expenses that exceeds \$5,000.
 - c. More than two (2) years but within three (3) years from the employee's Start Date, the employee shall be required to pay back that portion of the reimbursed moving expenses that exceeds \$10,000.
3. Pursuant to the terms of the University's Employee Moving Expense Reimbursement Policy which are expressly incorporated herein, the University agrees to reimburse or pay on the behalf of Employee an amount not to exceed \$_____ for personal moving and relocation expenses incurred for relocating the Employee's residence. This amount includes payments made on the behalf of Employee by the University to third-party companies and providers. Employee agrees to maintain accurate records of all expenses and to provide original

receipts for all reimbursement claims. In accordance with Internal Revenue Service (IRS) guidelines concerning moving expenses, receipts must be submitted within sixty (60) days of completion of the move to be considered as qualified, nontaxable moving expenses. Expenses submitted for reimbursement after sixty (60) days will be considered taxable income. Employee agrees that only those personal moving and relocation expenses incurred after the date of execution of this Agreement can be submitted for payment or reimbursement. Also, to be considered as qualified, nontaxable moving expense, the move must be made within 12 months of the Employee's Start Date.

4. Applicable federal and state laws require "nonqualified, taxable" reimbursements to relocated employees to be included in the employee's gross income and "qualified, non-taxable" relocation expenses to be excluded. Qualified, non-taxable moving expenses are defined as the reasonable costs of 1) moving household goods and personal effects from the former residence to the new residence (including common carrier and storage for up to 30 days), and 2) Traveling (including lodging during the period of travel) from the former residence to the new residence. Qualified moving expenses DO NOT include any expenses for meals. All other reimbursements are considered nonqualified and are taxable to the employee. Any amounts which are considered nonqualified will be reimbursed net of tax withholdings and will be reported as income to the Internal Revenue Service. Employee should consult Internal Revenue Publication 521, entitled "Moving Expenses" for reference.
5. In the event Employee does not remain employed at the University for the applicable period stated in Paragraph 2 herein, whether due to Employee's resignation, termination or otherwise, Employee will be liable to the University for all or a pro-rated portion of the relocation and moving expenses, which the University has paid (to or on the behalf of Employee), and reimbursements and payroll taxes withheld by the University in connection with such expenses. The amount of Employee's liability to the University shall be determined pursuant to the terms set forth in the University's Employee Moving Expense Reimbursement Policy. In addition, if Employee does not remain employed full time at the University for at least a period of thirty nine (39) weeks, pursuant to IRS regulations, any amount paid to the Employee for moving expenses not reimbursed back to the University becomes taxable income to the Employee regardless of whether it was originally paid to the Employee as qualified, non-taxable expenses. See IRS Publication 521, Moving Expenses.
6. Employee hereby gives the University an express lien on all salaries, wages, and other sums payable to him/her by the University, for the purpose of securing all amounts due under Section 4 above, and Employee authorizes the University to withhold all amounts so due from the sum payable to Employee by the University. Employee waives all exemptions, which may apply to any amounts so due. Employee agrees to pay to the University upon request any amount which is not so deducted. In the event Employee fails to pay all amounts due the University within thirty (30) days of the University's request, Employee acknowledges and agrees that the University may undertake collection efforts including but not limited to referral to a collection agency. Employee agrees to pay all the collection costs incurred by the University, including attorney fees and other charges necessary for the collection of any amount due the University hereunder.
7. If Employee fails to remain employed by the University as indicated in Section 1 above for reasons beyond his/her control considered sufficient by the University, all or part of the Employee's liability under Section 4 may be waived by the University in its discretion. Any such waiver must be approved in writing by the Vice President of Human Resources. The Vice President of Human Resources must promptly notify the Payroll Department if Employee does

