

Augusta State University

Policy Regarding Payment of Relocation Expenses for New Appointments

Originally Issued: December 2011

Statement of Policy

The university can offer to assist new employees with relocation expenses only under the following conditions:

- a. The new employee must be someone appointed as an administrative officer at the level of dean or director (or higher) except in special circumstances where the president waives this restriction.
- b. The amount to be offered for relocation expenses must be approved **prior to offering the appointment** by both the vice president with supervisory responsibilities over the new employee and the chief business officer of the university or the CBO's delegate for this purpose. The maximum amount that can be offered is \$3,000 except in special circumstances where an exception has been approved by the president
- c. The amount of payment or reimbursement must be stated in the **original** letter offering the appointment.

Those responsible for negotiating with prospective new administrative officers or faculty members must be knowledgeable about university system, state, and IRS regulations regarding reimbursement or payment of relocation expenses. These regulations are summarized in the university document entitled "Detailed Relocation Expense Procedures" which is available in the Office of Human Resources and the office of each vice president.

Reason for Policy

This policy outlines guidelines in accordance with Board of Regents policy, Augusta State University policies, the State of Georgia code, Internal Revenue Code provisions and Internal Revenue Service (IRS) regulations for reimbursement to employees for relocation expenses and payment of relocation related expenses directly to vendors. Reimbursements and direct payments must comply with state and federal regulations.

Entities Affected By This Policy

All units of Augusta State University are covered by this policy. Human Resources, the Business Office and Vice Presidents' Offices have specific roles under this policy.

Who Should Read This Policy

Anyone involved in the appointment of administrative officers of the university should be aware of this policy.

Contacts

Contact	Phone	e-mail/URL
Human Resources	706-737-1763	http://www.aug.edu/hr/
Business Office	706-737-1767	http://www.aug.edu/business_office/

Augusta State University

Policy Regarding Payment of Relocation Expenses for New Appointments (pg. 2)

Relocation Expenses for New Appointments

Related Documents

University System Policy http://www.usg.edu/hr/manual/relocation_expenses/

Detailed Relocation Expense Procedures (Attachment A)

Relocation Expense Authority (REA) (Attachment B)

Relocation Expense Agreement (Attachment C)

Employee Request for Reimbursement of Expenses (Attachment D)

Definitions (Attachment E)

INACTIVE

Attachment A

Detailed Relocation Expense Procedures

I. Overview

Individuals receiving the benefit of relocation expenses should be aware of any personal income tax implications and should consult a tax professional with personal tax questions. Relocation expenses are classified as either “Qualified” (non-taxable) or “Non-Qualified” (taxable) depending on the nature of the expense. Per IRS guidelines, a qualified move must meet the following criteria:

- The move must be closely related, both in time and in place, to the start of work at a person’s new job location.
- The new workplace must be at least 50 miles farther from the employee’s former home than the old workplace, **AND**
- The employee must work full-time in the area of the new workplace for at least 39 weeks during the 12 months immediately after the move.

II. Eligibility

A) Written Letter of Offer

- a. The university can offer to assist for relocation expenses for someone appointed as an administrative officer at the level of dean or director (or higher) except in special circumstances where the president waives this restriction. The following conditions must be met.
- b. The amount to be offered for relocation expenses must be approved **prior to offering an appointment to a candidate** by both the vice president with supervisory responsibilities over the new employee and the chief business officer of the university or the CBO’s delegate for this purpose. A Relocation Expense Authority (REA) is used for this approval. The REA form will include the amount of money to be authorized and the accounts to be charged. The maximum amount that can be offered is \$3,000 except in special circumstances where an exception has been approved by the president.
- c. The amount of payment or reimbursement must be stated in the **original** letter offering a position to a candidate.

To be eligible for relocation expense reimbursement, the employee’s relocation must meet the following conditions:

1. *Availability of Qualified Applicants* – The employing department must determine that the employee is the best qualified applicant available for the position.
2. *Full-time Position* – The employee must be assigned to a full-time, salaried position and must have agreed to work on a full-time basis for at least one year.
3. *Distance* – the distance between the employee’s new work location and the former residence must be at least fifty (50) miles greater than the distance between the employee’s old work location and the former residence.

4. *Time* – The IRS regulations state that unless the employee works full-time at least thirty-nine (39) weeks during the first twelve (12) months after relocating, then all relocation payments/reimbursements will be considered as taxable income.
5. If the *employee's spouse or partner* is a State employee and otherwise eligible for relocation expenses through the University or other State of Georgia agency, reimbursements of any relocation expenses will be paid only once to move the primary household to the new location.

B) Relocation Expense Agreement:

To be reimbursed for relocation expenses, the employee must accept the Letter of Offer and execute a Relocation Expense Agreement with the University **prior** to incurring any expenses. No University obligation exists, nor may any reimbursements be processed, until all parties execute the agreement.

III. Payment/Reimbursement Rules and Guidelines

When possible, relocation expenses such as payments to commercial movers, storage facilities, etc., should be paid directly to vendors. Reimbursements are limited to actual costs incurred up to the amounts agreed to by ASU and the employee within the limits outlined in this policy. *Reimbursements through other processes, such as petty cash or purchasing cards (P Cards), or direct payments to hotels, airlines, restaurants, car rental companies, or other vendors on behalf of employee which are processed outside of this policy and associated procedures are not allowed.* **To be eligible for reimbursement, expenditures must be reasonable, necessary, and incurred after the employee executes a Relocation Expense Agreement.** In accordance with IRS guidelines, receipts must be submitted within sixty (60) days of completion of the move to be considered as qualified, non-taxable relocation expenses. Expenses submitted for reimbursement after sixty (60) days will be considered taxable income. All relocation expense documentation is open for public examination. University employees and management should take necessary steps to ensure that all reimbursements and payments are thoroughly documented and reviewed in each case.

Qualified and Nonqualified Expenses:

All direct payments to vendors and reimbursements to employees (both taxable and non-taxable) will be processed through the Payroll Department. Claims for reimbursement should be submitted on the Employee Request for Reimbursement of Relocation Expenses form.

Payments will be made in accordance with the Internal Revenue Code and Internal Revenue Service Regulations. Relocation expenses excluded from taxable income (“qualified expenses”) are defined as the reasonable cost of moving household goods and personal effects from the former primary residence to the new residence (including the common carrier), and traveling (including lodging but not meals during the period of travel) from the former primary residence to the new place of residence.

Expenditures to be reimbursed must be reasonable and necessary. According to the IRS guidelines, to be considered as “qualified” and non-taxable, relocation expenses must also be incurred within twelve (12) months following the date the employee reports to work at the new location. Employees must execute the Relocation Expense Agreement **prior** to incurring any charges for payment or reimbursement. Augusta State University has an “Accountable Plan” under IRS guidelines and, therefore, requires employees to adequately account for their expenses within sixty (60) days after they were paid or incurred. The total dollar limit for gross reimbursements made directly to the employee for all expenses, reimbursements and direct payment to third parties, may not exceed the amount stated in the Relocation Expense Agreement. Gross reimbursements (i.e. actual reimbursements received by the employee or paid to third parties on behalf of the employee) include any taxes withheld on these reimbursements.

Payment of relocation expenses includes the following allowable expense categories. To demonstrate the tax implications of relocation expenses to the employee, these categories are separated into “qualified” and “nonqualified” expenses in accordance with IRS definitions.

1. Qualified Expenses not subject to tax withholding:
 - A. Commercial moving company
 - B. Packing/crating/mailing/shipping household goods
 - C. Miscellaneous packing supplies
 - D. Optional insurance on items such as furniture, clothing and utensils
 - E. Rental truck
 - F. In-transit storage for up to 30 consecutive days
 - G. Shipment of car(s), if not used in move
 - H. Travel and lodging costs for one trip per person (employee and household members) from the old residence to the new residence, which may include:
 - a. Mileage per IRS limitations
 - b. Lodging in transit (Augusta State University will reimburse in accordance with the ASU travel policy)
 - c. Airfare (coach only)
 - d. Rental car (appropriate measures should be taken to obtain best value)
 - e. Tolls, taxi, shuttle service, or parking

Payment or reimbursement of all other relocation expenses allowable under this policy but not classified as qualified expenses (see above) will have appropriate taxes withheld (“nonqualified expenses”).

2. Nonqualified Expenses subject to tax withholding:
 - A. Travel and lodging costs incurred during additional trips from the old residence to the new residence
 - B. Cost of meals at any point in the relocation process (Augusta State University will reimburse in accordance with the ASU travel policy)

- C. Mileage in excess of IRS limitations. House Hunting expenses (trips will not exceed five (5) days) may include:
 - a. Mileage per IRS guidelines
 - b. Lodging (Augusta State University will reimburse in accordance with the ASU travel policy)
 - c. Airfare (coach only)
 - d. Rental car (appropriate measures should be taken to obtain best value)
 - e. Tolls, taxi, shuttle service, or parking
 - f. Storage in excess of thirty (30) days but not to exceed six (6) months
 - g. Temporary quarters

IV. Actual or “Final Move” to New Job Location

Travel relating to relocation is eligible for reimbursement for only the trip to bring the employee (and household members if applicable) to the new residence. Household members are not required to travel together or at the same time. When the employee and household are traveling to the new home, expenses for in-transit meals and lodging will be reimbursed. However, reimbursement for in-transit meals is subject to tax withholding. Reimbursement for in-transit lodging is not subject to tax withholding. Transportation expenses also include parking, tolls, and mileage at the rate stipulated by current IRS rules. Limits on lodging rates imposed by University travel policy are applicable to meal and hotel expenses during travel.

A. Transportation and Storage of Household Goods and Personal Effects

1. Common Carrier Moves: The actual costs paid for common carrier transportation of the employee’s household goods and personal effects from the former principal residence to the new residence at the new work location are reimbursable and are not subject to tax withholding. If a common carrier is used, the amount of the actual costs is allowed and is included in the total budget for relocation expenses as stated in the Relocation Expense Agreement. The hiring department, in conjunction with the employee will submit a purchase request to Procurement to select a vendor.

2. Self-Moves: If the employee chooses to move himself/herself, the maximum of actual costs allowed for reimbursement must be included in the Relocation Expense Agreement. These expenses are paid on a reimbursement-basis only from the employee’s original receipts. The following actual costs are reimbursable, within the total limitation, with appropriate documentation:

- a. **Moving vehicle rental** - Costs of renting a moving van, truck, trailer, hand truck or other appropriate moving equipment, vehicles and supplies are reimbursable. Purchase of such a vehicle or equipment is not reimbursable. The purchase of moving supplies, such as packing paper, boxes, or cartons may be reimbursed with appropriate receipts. Gas used by the rental truck during the move is reimbursable with proper receipts.

- b. **Labor used during move** - Reimbursement is limited to a reasonable hourly wage with the maximum total of \$500. Labor provided by the employee or the employee's immediate family member(s) is not reimbursable. A receipt from the business employed to provide labor, with signature and tax identification number, and amount paid must be attached to the reimbursement request.
- c. **Mileage** - If a personally owned or borrowed moving vehicle is used in the move, reimbursement is allowed at the mileage rate specified in the current IRS regulations. Reimbursement will not be allowed to cover the "rental value" of the personally owned vehicle. A car or truck with a trailer in tow will also be reimbursed at the mileage rate specified in the current IRS regulations.
- d. **Tolls** -Tolls paid during the move are reimbursable provided the name of the facility (road, bridge, tunnel, etc.) is provided on the receipt.
- e. **Storage** - The expense of storing household goods and personal effects for a maximum of six (6) consecutive months is reimbursable if the employee is unable to move directly into the new residence. This amount is includable in the Relocation Expense Agreement limitation. The first thirty (30) days of storage is a qualified expense (not subject to tax withholding); however, reimbursement for storage beyond the first thirty (30) days is a nonqualified expense and taxes will be appropriately withheld.

V. Unallowable Relocation Expenses

Payment or reimbursement of any relocation expense not expressly outlined in this document must have approval by the Vice President for Business Operations and must be included in the Relocation Expense Agreement signed by all parties. Payment of any relocation expenses not expressly outlined in this document, which are approved for payment, will be treated as "nonqualified" expenses and may require limitations on funding sources. Payments for relocation expenses shall not exceed the amount agreed upon in the written Letter of Offer and Relocation Expense Agreement.

VI. Employee Responsibilities

All expenses submitted for reimbursement must be actual, reasonable, necessary and within policy guidelines. Each employee eligible for relocation reimbursement is responsible for:

- A. Assisting the department in completing the Relocation Expense Agreement for Employees;
- B. Obtaining and submitting original receipts necessary to support all claims for reimbursement within sixty (60) days after paid or incurred;
- C. Submitting claims for expenses that were incurred at least **after** execution of the Relocation Expense Agreement but in no case later than twelve (12) months following the first date of employment at Augusta State University, unless the employee can show that circumstances existed to prevent moving within that time period;
- D. Submitting claims for reimbursement on the Employee Request for Reimbursement of Relocation Expenses form;
- E. Adhering to the stipulations outlined in the Relocation Expense Agreement

Attachment B

Augusta State University Relocation Expense Authorization (REA) Form

This form is required when a department elects to reimburse a new employee for his / her relocation expenses and must be completed and approved before a commitment is made in the written offer of employment.

Employee Name: _____	Title: _____
Department: _____	Hire Date: _____
Department Contact: _____	Phone Number: _____

Amount of Relocation Expense Authorized: _____
Account Number to use: _____

Department Head Approval: _____
Vice President Approval: _____
Budget Director Approval: _____
Vice President Business Operations Approval: _____

A copy of this form must be submitted with the request for reimbursement of relocation expenses.

Attachment C
Augusta State University
Accounts Payable
Relocation Expense Agreement

Agreement made on _____, between Augusta State University (ASU) and _____ (Employee),

Witness:

Whereas Employee, with employment date effective _____, is a suitable candidate for the position of _____ and has accepted ASU's offer of employment into this position effective _____; and

Whereas ASU 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, ASU and Employee agree;

1. Effective _____, Employee agrees to work on full-time basis at ASU for at least one year beginning _____ and ending _____.
2. ASU agrees to reimburse or pay on the behalf of Employee an amount not to exceed \$ _____ for personal moving and relocation expenses incurred for relocation. This amount includes payments made on behalf of the Employee by ASU to third- party companies and providers. Employee agrees to provide original receipts for all reimbursement claims. In accordance with IRS guidelines, 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.
3. 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. Based on the passage of the 1993 Revenue Reconciliation Act, 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 thirty 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.

4. Employee's failure to remain employed at ASU for the applicable period in Section 1 will constitute a violation of the agreement. In the event of such violation, Employee will be liable to ASU for all or a pro-rated portion of the gross (pre-tax) relocation and moving expenses which ASU has paid to or on behalf of Employee. Any tax impact, if applicable to the original payment or reimbursement, will be reversed upon receipt of repayment from the employee.
5. Employee hereby gives ASU an express lien on all salaries, wages, and other sums payable to him/her by ASU, for the purpose of securing all amounts due under Section 4 above, and Employee authorizes ASU to withhold all amounts so due from the sum payable to Employee by ASU. Employee waives all exemptions, which may apply to any amounts so due. Employee agrees to pay to ASU upon request any amount which is not so deducted. In the event Employee fails to pay all amounts due ASU within thirty (30) days of ASU's request, Employee acknowledges and agrees that ASU may undertake collection efforts including but not limited to referral to a collection agency. Employee agrees to pay all the collection costs, including attorney fees and other charges necessary for the collection of any amount still due ASU hereunder.
6. If Employee fails to remain employed as indicated in Section 1 above for reasons beyond his/her control considered sufficient by ASU, all or part of the liability under Section 4 may be waived by ASU. Any such waiver must be approved in writing by the hiring department and the Vice President of Business Operations. The hiring department whose account(s) paid for Employee's move must promptly notify the Payroll Department if Employee does not remain at ASU for at least one year.
7. ASU will not reimburse employees, nor make payments to third party movers on employees' behalf, for moving expenses and relocation expenses already reimbursed or to be reimbursed by another entity.
8. ASU shall have no responsibility or legal liability for goods damaged as a result of the relocation. Employee must make any claim for damage to household good in transit directly to the moving company.

Employee (Signature /Date)

Department Head (Signature/Date)

Employee (Print or Type)

Department Head (Print or Type)

Hire Date

Department Name and Number

Department Contact (Name, phone ext)

Vice President (Signature, Date)

Attachment D
Augusta State University
REQUEST FOR REIMBURSEMENT OF RELOCATION EXPENSES

EMPLOYEE INFORMATION	
Employee Name _____	Title _____
Hiring Department _____	Hire Date _____

IRS DISTANCE TEST	
Employee's Previous Residence _____	
New Residence (if known) _____	
Distance from Previous Residence to Previous Employer _____	Distance from Previous Residence to new Employer (ASU) _____

RELOCATION EXPENSE AUTHORIZATION	
Maximum Reimbursement Authorized	_____
Amount of Prior Reimbursement Requests	_____
Remaining Maximum Reimbursable	_____
Is This The Final Reimbursement Request?	_____

<i>Fund - Department - Program - Class - Project</i>	

CERTIFICATION AND APPROVAL	
I certify that the expenses listed below were incurred by me for the purpose of personal relocation in connection with my employment with the Augusta State University and in accordance with the terms agreed upon in the Relocation and Moving Expense Agreement	
Employee Signature and Date _____	
I have reviewed the expenses shown on this reimbursement request and find them to be reasonable and appropriate and in conformity with both the Relocation and Moving Expense Agreement and with ASU's Relocation & Moving Expense Policy	
Department Head Signature and Date _____	

<p>Check box for payment to a third party.</p> <p><i>A separate request should be submitted for items reimbursable directly to the employee.</i></p>

***Attach a copy of the Relocation Expense Authorization Form and Relocation and Moving Expense Agreement. Mail to the Payroll Office.**

QUALIFIED EXPENSES (Non-Taxable)

TRANSPORTATION OF HOUSEHOLD GOODS

Common Carrier \$ _____

Moving Truck Rental (for self-moves) \$ _____

Moving Truck Fuel (for self-moves) \$ _____

Insurance on Personal Possessions in Transit \$ _____

Labor to Pack and Move Personal Possessions (up to a maximum of \$500) \$ _____

Packing Supplies \$ _____

Temporary Storage (30 days or less) \$ _____

Subtotal - Transportation of Goods _____

TRAVEL TO NEW RESIDENCE (Final Move)

(If this is a Househunting/ Preliminary Trip, Complete the NonQualified Section Below)

Air or Train Fare: No. Passengers (Spouse & Dependents only) _____ x Airfare per Person \$ _____

Rental Car \$ _____

Rental Car Fuel \$ _____

Travel by Personal Vehicle: Miles _____ x Rate _____ \$ _____

Tolls, Parking, Shuttle Service \$ _____

Lodging: No. of Nights ____ x Average Rate / Night \$ _____

Subtotal - Travel _____

TOTAL QUALIFIED EXPENSES (acct 565100) _____

NONQUALIFIED EXPENSES (Taxable)

PRE-MOVE TRAVEL

Describe Purpose of Trip: _____

Air or Train Fare: No. Passengers (Spouse & Dependents only) _____ x Airfare per Person \$ _____

Rental Car \$ _____

Rental Car Fuel \$ _____

Travel by Personal Vehicle: Miles _____ x Rate \$ _____

Tolls, Parking, Shuttle Service \$ _____

Lodging: No. of Nights ____ x Average Rate / Night \$ _____

Subtotal - Travel _____

Temporary Storage (31 days to 6 months) \$ _____

Temporary Living Quarters (up to 6 months) \$ _____

MEALS: Breakfast: Qty _____ x Per Diem \$ _____

MEALS: Lunch: Qty _____ x Per Diem \$ _____

MEALS: Dinner: Qty _____ x Per Diem \$ _____

Subtotal - Meals & Misc _____

TOTAL NONQUALIFIED EXPENSES (acct 565101) _____

TOTAL OF THIS CLAIM _____

Attachment E

Augusta State University

Relocation and Moving Expenses for New Employees Definitions

These definitions apply to these terms as they are used in this policy:

Accountable Plan: Under IRS guidelines, an Accountable Plan is one in which an employer's reimbursement policy meets the following criteria:

1. Expenses paid or incurred must have a business connection
2. Employees must adequately account for expenses within a reasonable period of time (sixty (60) days) after they were paid or incurred
3. Any excess reimbursement or allowance must be returned within a

reasonable period of time

Household: Includes any members of the employee's household or dependents residing in the household and/or moving to the new location.

Household Goods: Personal property which may be transported legally in interstate commerce and which belongs to an employee and his immediate family at the time shipment begins. The term includes household furnishings, equipment and appliances, clothing, books, and similar property. It does not include property which is for resale or disposal rather than for use by the employee or members of his immediate family; nor does it include property intended for use in conducting a business or any other commercial enterprise.

Letter of Offer: A written agreement documenting the terms and conditions of employment between the new employee and the University and including the amount allocated for relocation and moving expenses. The Letter of Offer is part of the documentation package that must be sent to Payroll before funds can be encumbered for any relocation and moving expenses.

Moving: Actions to change a place of primary or permanent residence.

Moving Advances: Cash advances to the employee for paying moving or relocation expenses. **Cash advances are not allowed under Augusta State University Relocation and Moving Expense Policy for Employees.**

Moving Expenses: Expenditures for transporting the employee, members of employee's household, household goods and personal effects from the former residence to the new residence.

Nonqualified Moving Expenses: Mileage in excess of the current IRS rate per mile, meals consumed while moving or living in temporary housing, and house-hunting trips. These expenses may be reimbursed to the employee according to the limits in the signed Relocation and Moving Expense Agreement, but have personal tax consequences for the employee. Reimbursement of non-qualified expenses is subject to withholding of applicable income and employment taxes and these reimbursements will be reported on the employee's annual Form W-2 as income.

Non-Reimbursable Moving Expenses: Expenses not specified in Augusta State University Relocation Expense Policy for Employees. Non-reimbursable expenses may be paid with funds provided by a cooperative unit of the University and not by University accounts.

Personal Residence: A house, condominium, townhouse or rental property (e.g. apartment, flat) where the employee's primary household is maintained on a permanent basis.

Primary Household: Household goods and personal effects, which are maintained at the employee's main place of residence.

Qualified Moving Expenses: Expenses associated with packing, loading, hauling, insuring or temporarily storing property (no more than 30 days), unpacking, transportation and lodging during the move (excludes meals), and mileage at the current IRS rate (see www.irs.gov) per mile.

Relocation: The process of assigning, establishing, and/or settling in a particular place for employment purposes.

Relocation Expenses: Expenditures other than moving expenses incurred in the process of relocating the employee and household.

Relocation and Moving Expense Agreement: An agreement to repay moving and relocation expenses if the employee remains in the employment of the University from the first day in the new position until twelve (12) months thereafter. The agreement is expected to be made at the time of offering the position and then signed **prior** to an employee incurring expenses.

Relocation Expense Authority (REA): A form to be completed by the hiring department prior to making an official offer to pay relocation and moving expenses documenting the account number and approval of each funding source to be encumbered for moving and relocation expenses which must be approved by the office of Budget, Planning and Analysis (and the Division of Sponsored Program Administration if grant funds are used) and submitted to Payroll for use when the request for reimbursement is processed.

Temporary Housing: Lodging or housing in which the employee lives until a permanent residence is secured. Temporary quarters can consist of any type of lodging including hotels, motels, apartments or single-family dwellings. Per IRS guidelines, these expenses are classified as nonqualified, taxable moving expenses.