



TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER EL PASO

Operating Policy and Procedure

HSCEP OP: 72.18, **Payments for Employee Moving Expenses**

PURPOSE: The purpose of this Texas Tech University Health Sciences Center El Paso Operating Policy and Procedure (HSCEP OP) is to establish procedures for paying employee moving expenses.

REVIEW: This HSCEP OP will be reviewed in November of each odd-numbered year (ONY) by the Director of Tax Compliance and Reporting (TRC), the Managing Director of Payroll, the Executive Director of Human Resources, the Managing Director of Business Affairs or designees, with recommendations for revisions submitted to the Chief Financial Officer or designee 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 OP and the IRS, the rules set forth by the IRS will prevail.

POLICY / PROCEDURES:

1. Business Expenses

Expenses incurred to bring prospective employees to the Health Sciences Center at El Paso (for example, recruiting, interviews, etc.) are business expenses that should be paid directly to the vendor and are not employee moving expenses covered by this OP.

2. Employee Moving Expenses

- a. To the extent possible, employee moving expenses should be paid directly to the moving company through TechBuy/SciQuest. Any moving expenses that are paid through TechBuy/SciQuest to a third party on behalf of an employee will be reviewed by Payroll and Tax Services. Amounts paid to a third party on behalf of an employee that are for taxable 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.
- b. All moving expenses paid or incurred by an employee that the Health Sciences Center has agreed to reimburse to such employee should be processed through Human Resources by processing 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 **taxable** moving expenses and the NMV pay code should be used for **nontaxable** moving expenses.
- c. All original receipts and a detailed schedule should be attached to the EOPS. The detailed schedule should include the following:
 - (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.
- d. For nontaxable employee moving expense reimbursements, institutional funds must be used. State-appropriated funds cannot be used for this purpose.

3. Definitions

- a. Generally, **nontaxable** moving expenses include expenses that are submitted for reimbursement less than 60 days from the date the employee paid or incurred the expense and cover all reasonable expenses of moving household goods and personal effects for the employee and their family members and the cost of traveling to a new home.
- (1) Examples of **nontaxable** moving expenses include the cost of packing, crating, and transporting the household goods and personal effects of the employee and the members of the employee's household from the employee's former home to the new home. This includes any gas receipts for a truck rental. Nontaxable also includes in-transit storage and insurance, if incurred within any consecutive 30day period after moving from the old home and before delivery to the new home. The lodging, but **NOT** meals, for the employee and household members while traveling from the old home to the new home are nontaxable moving expenses. This includes expenses for the day of arrival in the new city. Additionally, any lodging expenses the employee had in the area of the former home within one day after the employee could not live in the former home because the furniture had been moved are considered nontaxable expenses. Only expenses for **one** trip to the new home for the employee and household members are considered nontaxable. If employees use their personal car to take themselves, members of their household, or their personal effects to a new home, then either (1) the actual expenses, such as gas and oil, **OR** (2) \$0.23 per mile, if the employee is reimbursed for mileage, will be considered nontaxable moving expenses. Note that only \$0.23 per mile can be reimbursed as nontaxable; any amount over \$0.23 per mile that is approved for payment is considered a taxable moving expense. The \$0.23 mentioned here is the 2015 standard mileage rate as published by the IRS. It is important to check the current IRS publication for the applicable current standard mileage rate.
- b. Generally, **taxable** moving expenses include all expenses that are submitted for reimbursement 60 days or more from the date the employee paid or incurred the expense as these do not fall within the IRS accountable plan rules and are automatically taxable. Also, **taxable** moving expenses include all other expenses that are not related to moving household goods and personal effects for the employee and their family members and the cost of traveling to a new home.
- (1) Examples of **taxable** moving expenses include pre-move house hunting expenses, temporary living expenses, meal expenses, mileage reimbursement over \$0.23 per mile, return trips to the old home, expenses of buying or selling a home, expenses of acquiring or breaking a lease, security deposits (including any lost as a result of the move), home improvements to help sell the home, loss on the sale of the home, mortgage penalties, losses from disposing of memberships in clubs, any part of the purchase price of the new home, real estate taxes, car tags, driver's license, refitting carpets, and storage charges, except those incurred in-transit.

4. Approvals

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