

# Augusta University

## Policy Library

# Relocation & Moving Expenses for New Employees Policy

**Policy Owner:** Talent Acquisition and Development

### **POLICY STATEMENT**

Relocation and moving expenses for faculty and staff may be provided if funds are available in the department or school/college/unit budget. Payment or reimbursement of personal relocation and moving expenses for existing employees is allowable if the relocation creates an advantage for Augusta University and has been appropriately approved.

### **REASON FOR POLICY**

To provide guidelines in accordance with the Augusta University policies, Board of Regents policies, the State of Georgia code, Internal Revenue Code provisions and Internal Revenue Service (IRS) regulations for reimbursement to employees for relocation and moving expenses and payment of relocation related expenses directly to vendors. Reimbursements and direct payments should comply with state and federal regulations. The AU policy is written to coincide with established policy guidelines as referenced above. However, the rules, guidelines and parameters of the IRS will supersede those written herein should there be an apparent inconsistency or future modification.

### **AFFECTED STAKEHOLDER AND ORGANIZATION(S)**

This policy applies to all employees of Augusta University.

### **DEFINITIONS**

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

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

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**Policy No.:** 528

**Policy Sponsor:** Enterprise VP Human Resources

**Last Revision:** 03/27/2018

**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 the Augusta 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. 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.

**Non-Reimbursable Moving Expenses:** Expenses not specified in the Augusta 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.

**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. Reimbursements are limited to actual costs incurred up to the amount agreed to by the department and the employee within the limits outlined in this policy. 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 Authorization (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.

## **PROCESS & PROCEDURES**

Relocation and moving expenses for newly hired faculty and staff may be provided if funds are available in the department or school/college/unit budget. Payment or reimbursement of personal relocation and moving expenses for existing employees is allowable if the relocation creates an advantage for Augusta University and has been appropriately approved. In addition, a specific dollar amount must be set out in the original written offer of employment. In the case of existing employees, the policies outlined by the State of Georgia Office of Planning and Budget should be followed. These policies are available at: [OPB State Policies–Relocation](#).

Individuals receiving the benefit of relocation and moving expenses should be aware of any personal income tax implications and should consult a tax professional with personal tax questions. For the years 2018 – 2025, **all** relocation and moving expenses are classified as “Non-Qualified” (taxable) regardless of the nature of the expense. Please refer to IRS Publication 521 for additional details. By accepting the offer of Relocation Assistance, employee confirms understanding that all reimbursement for moving expenses is taxable; and he/she is responsible for paying the tax.

Per IRS guidelines, a reimbursable 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.
- New workplace must be at least 50 miles farther from the employee's former home than the old workplace, **AND**
- 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.

## Eligibility

### **Written Letter of Offer:**

Payment and/or reimbursement of relocation and moving expenses is allowable when expenses are included as a formal and specific component of the written offer of employment made to the qualified applicant (the employee) and accepted by the employee in connection with employment at the University. To be eligible for relocation and moving 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 the employee must work full-time at least thirty-nine (39) weeks during the first twelve (12) months after relocating.
5. If the *employee's spouse or partner* is a State employee and otherwise eligible for moving and relocation expenses through the University or other State of Georgia agency, reimbursements of any moving or relocation expenses will be paid only once to move the primary household to the new location.
6. Relocation for current employees is allowable in situations where the *employee is reassigned* and the relocation is in the best interest of the institution. In such cases, approval of the Executive Vice President, Administration & Finance/CBO is required and the following policy should be used: [OPB State Policies-Relocation](#).

### **Relocation and Moving Expense Agreement**

To be reimbursed for moving and relocation expenses, the employee must accept the Letter of Offer and execute a Relocation and Moving 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.

The Relocation and Moving Expense Agreement will be signed by the employee, Department Head, and Dean or Vice President. Departments may commit reasonable amounts for an employee's relocation and moving expenses in accordance with this policy and procedure. For relocation and moving expense budgets of \$15,000 or more, approval from the EVP Administrative and Finance/Chief Business Officer is required to sign the Relocation and Moving Expense Agreement.

Relocation and moving expense budgets include amounts reimbursed to employees and the direct payment by the University to third-party moving companies. The Relocation and Moving Expense Agreement will stipulate that:

1. The employee must remain employed on a full-time basis for at least one year (twelve months), commencing on the date that the employee starts work at the University. 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 of employment. If the employee fails to remain employed for the obligated one year of service, the hiring department is required to immediately notify the Payroll department so that agreed upon deductions can be processed in a timely manner against remaining payroll payments. If payroll deduction of these expenses cannot be achieved, the employee will refund to the University the gross amount of moving and relocation reimbursed directly to the employee as well as the gross amount of any payments made for the benefit of the employee to third parties. The hiring department is responsible for collecting any refund from the employee which cannot be deducted in payroll processing. Unsuccessful efforts to collect the refund after thirty (30) days from the employee will be referred to the University Accounts Receivable Department for further collection efforts including referral to an outside collection agency if needed. Refunds collected through payroll deduction or directly from the employee will be returned to the original funding sources, including University foundations. Failure to repay these expenses as agreed due to the breach of contract may result in legal action to recover money being taken against the employee. As part of this agreement, the employee agrees to pay all collection costs including attorney fees and other charges necessary for the collection of any amount still due to the University.

2. Repayment of relocation and moving expenses by employees who do not remain employed for a full year may be pro-rated or waived if the University employment is terminated for reasons beyond the employee's control and found acceptable to the University, unless grant funds are used to support the relocation and moving costs. Any such waiver must be approved in writing by the Executive Vice President, Administration & Finance/CBO. Should the repayment be pro-rated, failure to repay the pro-rated amount may result in legal action to recover money being taken against the employee. As part of the agreement, the employee agrees to pay all the collection costs including attorney fees and other charges necessary for the collection of any amount still due to the University.
3. The IRS requires employees to work full time for at least thirty-nine (39) weeks during the first twelve (12) months after relocating in order to claim appropriate payments/reimbursements.

### **Payment/Reimbursement Rules and Guidelines**

When possible, relocation and moving 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 the department 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 and Moving Expense Agreement** (see #2 above under *Relocation and Moving Expenses 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 moving expenses. Expenses submitted for reimbursement after sixty (60) days will be considered taxable income. All relocation and moving 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.

### **Funding:**

In general, most sources of funding available to departments can be used to pay relocation expenses. There are certain notable restrictions which should be considered:

1. When using AU restricted accounts funded by one of the University's cooperative units, the underlying fund agreement must allow for payment of relocation expenses.

2. Grant funding may be utilized only if allowed under the terms of the award or contract. Grants may include limitations on amounts for relocation expenses or may have limits on payment of certain types of relocation expenses. Any relocation expense charged to a grant account must meet the requirements of the grant and or the requirements of the funding agency or sponsor.
3. Conference and Workshop accounts, agency accounts, and student activity fee or technology fee accounts should not be utilized to pay relocation expenses.
4. Departmental Sales and Service accounts should only be utilized in those situations where the employee's work is directly associated with the sales or service operation and when the expense can be supported by the budget of the operation.

### **Reimbursable Moving Expenses:**

All direct payments to vendors and reimbursements to employees will be processed through the Payroll Department. Please submit claims for reimbursement on the Employee Request for Reimbursement of Relocation and Moving Expenses form (see attached). Payments will be made in accordance with the Internal Revenue Code and Internal Revenue Service Regulations. For the years 2018 – 2025, all relocation and moving expenses are classified as “Non-Qualified” (taxable) regardless of the nature of the expense. Please refer to IRS Publication 521 for additional details. By accepting the offer of Relocation Assistance, employee confirms understanding that all reimbursement for moving expenses is taxable; and he/she is responsible for paying the tax.

Expenditures to be reimbursed must be reasonable and necessary. According to the IRS guidelines, to be considered as “qualified” and non-taxable, relocation and moving 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 and Moving Expense Agreement **prior** to incurring any charges for payment or reimbursement. Augusta University has an “Accountable Plan” under IRS guidelines (see Definitions) 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 and Moving 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.

In accordance with the current IRS guidelines (2018-2025), payment or reimbursement of all relocation and moving expenses allowable under this policy will have appropriate taxes withheld. For further guidance see: IRS.Gov, Publication 521.

Following are examples of relocation and moving expenses for which the employee may request reimbursement (less applicable taxes) in accordance with IRS definitions.

- 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 (AU will reimburse in accordance with the State of Georgia/University 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
- I. Travel and lodging costs incurred during additional trips from the old residence to the new residence
- J. Cost of meals at any point in the relocation process (AU will reimburse in accordance with the State of Georgia/University travel policy)



- K. Mileage in excess of IRS limitations House Hunting expenses (trips will not exceed five (5) days) may include:
1. Mileage per IRS guidelines
  2. Lodging (AU will reimburse in accordance with the State of Georgia/University travel policy)
  3. Airfare (coach only)
  4. Rental car (appropriate measures should be taken to obtain best value)
  5. Tolls, taxi, shuttle service, or parking
  6. Storage in excess of thirty (30) days but not to exceed six (6) months
  7. Temporary quarters (AU will reimburse for temporary quarters up to a maximum of six (6) consecutive months)

#### **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, 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 State Travel Regulations and University travel policy are applicable to meal and hotel expenses during travel.

#### **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 and Moving Expense Agreement. If the cost of the moving service from the common carrier is less than \$5,000, the employee may choose the moving agent in consultation with the hiring department. If the cost of the move is \$5,000 or more, 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 and Moving 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:

1. **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.
2. **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.
3. **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.
4. **Tolls** -Tolls paid during the move are reimbursable provided the name of the facility (road, bridge, tunnel, etc.) is provided on the receipt.
5. **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 and Moving Expense Agreement limitation. Taxes will be appropriately withheld from all associated storage expenses.

**Unallowable Relocation Expenses**

Payment or reimbursement of any relocation or moving expense not expressly outlined in this document must have approval by the Department head, Dean or Vice President, and the Executive Vice President, Administration & Finance/CBO and must be included in the Relocation and Moving Expense Agreement signed by all parties. Payment of any relocation or moving expenses not expressly outlined in this document which are approved for payment, may be subject to limitations on funding sources and/or reimbursement from cooperative organizations. Payment for relocation and moving expenses shall not exceed the amount agreed upon in the written Letter of Offer and Relocation and Moving Expense Agreement.

### **Interview Expenses**

Interview expenses, unlike house hunting costs, occur prior to an accepted offer and do not fall within the scope of this policy.

### **Employee Responsibilities**

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

1. Assisting the department in completing the Relocation and Moving Expense

### **Agreement for Employees:**

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

## **Process/Procedures**

### **Department**

1. Identify Candidate to be hired.
2. Determine if relocation and moving expenses will be reimbursed, including fund source if yes.
3. Prepare Relocation and Expense Authority Form; submit to Office of Budget, Planning and Analysis.
4. Notify HR of decision to reimburse relocation and moving expenses, provide amount to be included in letter of offer, submit copy of REA form.
5. Prepare Relocation and Moving Expense Agreement, obtain approvals, send to employee for signature and return to department.
6. Remind employee not to incur any expense until agreement is signed.
7. Receive receipts from employee, prepare and submit Request for Reimbursement to Payroll.

**FORMS AND RELATED DOCUMENTS**

- [Relocation Expense Authorization Form](#)
- [Relocation and Moving Expense Agreement](#)
- [Employee Request for Reimbursement of Relocation Expenses Form](#)

**APPENDICES**

(Party)	(Responsibility)
Hiring Department	<p>Relocation and moving expenses and payment protocol, in accordance with this policy, must be discussed and finalized with the employee during the hiring process. For non-faculty positions, the hiring department must notify Human Resources of its commitment to cover relocation and moving expenses, provide the maximum allowable amount to be included in the official letter of offer and provide a copy of the fully executed Relocation Expense Authority form. The department will execute the Relocation and Moving Expense Agreement with the Expense Authority form, and complete and submit reimbursement requests to Payroll for processing. Original receipts and Supporting documents are required. For Faculty positions, departments shall provide the employee with the written offer letter (which includes an amount for relocation expenses), will execute the Relocation and Moving Expense Agreement for Employees, determine the budget and funding sources for the expenses, complete and submit the Relocation Expense Authority form to encumber funds, and complete and submit invoices and reimbursement requests to Payroll</p>

	<p>for processing. Original receipts and supporting documents are required.</p>
<p>Payroll</p>	<p>All Relocation Expense Authority (REA) forms and requests for reimbursements to employees and direct payments to licensed, third-party commercial moving agents and/or other appropriate providers will be submitted to and reviewed by the Payroll Department. The Payroll Department has ultimate authority to determine taxability of reimbursements, and the responsibility to insure that taxable payments receive appropriate processing and are reported correctly on the employee's W-2 form. The Payroll Department will coordinate with Accounts Payable when payments are to be made directly to third parties. All payments associated with relocation and moving expenses are taxable per IRS guidelines.</p>
<p>Human Resources</p>	<p>For non-faculty positions, HR shall provide the employee with the written offer letter and include the maximum allowable amount designated for relocation expenses.</p>
<p>Procurement</p>	<p>The Procurement Department will establish contracts with third party licensed moving companies and/or providers of relocation services. If the move cannot be reasonably achieved using one of the established contracts, the hiring department will contact Procurement to submit a purchase request for such moving services.</p>

**APPROVED BY:**

Executive Vice President for Academic Affairs and Provost, Augusta University  
Date: 9/26/2018

President, Augusta University and CEO, AU Health System    Date: 9/28/2018