

University of Miami

Payroll/Disbursements

**Policies
&
Procedures**

Moving Expenses

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1. Policy

Job related Moving expenses for a newly hired employee are subject to the approval of each University department based on the availability of departmental funds. The University, at its discretion, may set any limits on the amount that will be paid/reimbursed for the newly hired employee. Requests for payments to a third party moving and storage company should be submitted via a purchase requisition to the Purchasing Department. Reimbursements to the employee for out-of-pocket expenses should be submitted on an electronic Business Expense Reimbursement Form (eBERF) with original receipts to the Disbursements Office. For complete details, please see the Electronic Travel & Business Expense Reimbursement Policy D15E available on the web at <https://umshare.miami.edu/web/wda/controllers/D015E.pdf>.

Certain types of job-related moving expenses paid to a third party by the University on behalf of an employee or reimbursed to an employee may be considered as taxable income to the employee based on Internal Revenue Service regulations. Employees are urged to consult their tax advisor on the taxability of all expenses paid on their behalf, or reimbursed by the University.

2. Taxation

Before any expenses of a job-related move can be excluded from the employee's income, two tests established by the Internal Revenue Service (IRS) must be met:

- I. **Distance Test** – the distance between the employee's old residence and UM must be at least 50 miles farther than the distance between the old residence and the old workplace. If there is no previous workplace, then UM must be at least 50 miles from the employee's old residence.
- II. **Time Test** - during the 12-month period following the move, the employee must work fulltime for at least 39 weeks in the general location of UM.

If the Payroll Office reasonably believes the employee will meet these two tests, payments made to a third party or reimbursements made to the employee for a work related move will not be included in income and reported on the employee's W-2 form. Moves that do not meet these two tests will be included in income that will be subject to federal withholding, social security and Medicare taxes and reported on the employee's W-2 form.

3. University Paid Moving Expenses that *may* be Deductible

- a. ***Transportation of Household Goods*** - includes reasonable expenses incurred in packing and moving household goods and personal effects to the new residence as well as storage and insurance while in-transit. Storage costs constitute in-transit expenses if they are incurred within 30 days after the goods and effects are moved from the old residence and before delivery to the new residence. Storage costs reimbursed by the University in excess of the 30-day maximum allowed by the IRS will be treated as taxable income and included on the employee's W-2.

Requests for moving household goods must be submitted to the Purchasing Department to facilitate the issue of a Purchase Order to an approved vendor. The use of a purchase order ensures that the employee is protected by insurance in the event of a breach in the terms of the move or if goods are lost or damaged while in-transit.

- b. ***Travel Expenses*** - Expenses of traveling from old home to new home include reasonable expenses incurred for the actual move (one-way trip only) while traveling to the new residence such as airfare, mileage, tolls and lodging during the trip. Mileage will be reimbursed at the IRS rate in effect for the date of the actual move. Expenses incurred during the trip for gas, oil or other auto maintenance items are not reimbursable.

The University's approval to cover the costs of employee moving expenses includes amounts spent on transporting and storing household goods and personal effects as well as travel expenses for members of the employee's household who live in both the old and new residences.

4. University Paid Moving Expenses that are not Deductible

The following expenses may be reimbursed by the University, but represent taxable income and cannot be taken as a deduction on the employee's personal tax return:

- Cost of meals while traveling from the old home to the new home
- Pre-move house hunting expenses
- Additional return trips from the new home to the old home
- Temporary living expenses for up to 30 days after starting work at UM
- Storage expenses in excess of 30 days

Amounts reimbursed for these expenses will be added to the DHRS (Payroll) System and reported on the employee's W-2 as income subject to federal withholding, Social Security and Medicare taxes.

5. Moving Allowance

In some cases departments may prefer to pay the employee an allowance to subsidize the cost of relocation. These payments represent income, are subject to employment taxes, and must therefore be paid through the DHRS (Payroll) System. The employee is not required to provide original receipts when an allowance is paid.

6. Local Move

Under certain unusual circumstances, the University may pay to have an employee relocate to or from a residential college and a local address. The cost of such moves represents taxable income and will be included in the employee's W-2 and subject to employment taxes.

7. Procedure

Travel expenses, including airfare, mileage, lodging, meals, and temporary living expenses, must be reported on an electronic Business Expense Reimbursement Form (eBERF) using object code **3641**. The eBERF must be accompanied by original receipts and must also comply with the reimbursement rules stated in the Electronic Travel & Business Expense Reimbursement Policy D15E.

All arrangements with a moving and storage company for the transportation of household goods and personal effects must be made with a purchase order through the Purchasing Department.

Please direct all comments and questions via email to Alicia Lopez at a.lopez18@miami.edu.