

Standard Practice Guide Policies

Moving and Relocation Expenses

201.68

Applies to: Regular Faculty and Staff and Visiting Faculty from other educational institutions with the exception of those represented by a bargaining unit

U-M Tax-Free Reimbursement of Relocation/Moving Expenses

Effective as of January 1, 2018

Recent Legislation – With the enactment of the Tax Cuts and Jobs Act of 2017 (TCJA), U-M is required to modify its practice with respect to providing tax-free reimbursements of qualified moving expenses. As of January 1, 2018, the Act suspended (until January 1, 2026) the exclusion from taxable income for qualified moving expenses incurred by employees. Further, as of July 1, 2018, the Act suspended (until June 30, 2026) the tax-free reimbursement of qualified moving expenses. Due to this change in the federal law, moving expenses incurred by employees during calendar years 2018 through 2026 will be treated as wages and paid through the Payroll Department subject to federal, state and FICA tax withholding. Further, please note that employees may not deduct these expenses on their individual income tax returns respectively.

However, U-M may continue to reimburse on a tax-free basis those moving expenses incurred by employees during calendar year 2017. Importantly, please note that these expenditures must be submitted to the Shared Services Center (SSC) by but no later than Tuesday April 17, 2018, otherwise known as 'tax day.' The SSC needs a specified period of time to process these transactions as complete and accurate in order to reimburse them tax-free prior to July 1, 2018. Qualified moving expenses incurred by U-M employees during calendar year 2017 which are submitted for reimbursement after this date will be considered to be wage income and paid through the Payroll Department subject to federal, state and FICA tax withholding. Please see black box below, Sec. II. G and H, for expenses incurred before December 31, 2017.

I. Policy

The University may pay the moving and relocation expenses of new faculty and staff members who are employed in difficult to recruit occupations and those who are transferred from one University geographic location to another.

II. Regulations

Approval of the administrative head of the employing department and the dean or director are required prior to making commitments to pay moving and relocation expenses. Other approvals may be required when appointees are to be paid from funds other than General Funds (see section II, G.). For faculty members, exceptions to the moving expense policy as it appears here require the concurrence of the dean or director. For staff members, exceptions to the moving and relocation policy as it appears here require the concurrence of the vice president of the unit in which the staff member will be employed, after the approval of the dean or director has been obtained.

- A. Moving expenses are the costs of packing, shipping, and storing household goods.
- B. Relocation expenses are the costs of: travel for the faculty or staff member and family enroute to the position assigned, including transportation, food, and lodging; travel for trips necessary to secure living quarters; and temporary lodging or transportation to and from the designated work site when the appointment date precedes the date when permanent living quarters are available.
- C. The University may reimburse the new faculty or staff member for moving and relocation expenses not to exceed one-twelfth of the new person's annual salary rate or one-ninth of a University-year salary rate. Expenses for travel and the movement of household goods from points outside the continental United States and Canada may require an exception to the one-twelfth or one-ninth rules.

Individual schools and colleges are free to establish maximums lower than those stated here. Before making a commitment to pay moving and relocation expenses, the appointing department should find out if a lower maximum applies.

- D. Expenses for travel by automobile within the continental United States and Canada may be included in II, C. at not more than the current approved rate (see SPG 501.5-1, "Travel Policy and Procedures"). A portion of the mileage paid will be considered taxable income to the new faculty/staff member. (See procedures link below).
- E. Advances based upon estimates of the cost of moving, up to the applicable maximum, can be arranged if requested by the new faculty or staff member. (Follow procedure B in the procedures link below.)
- F. For appointees whose salaries are to be paid wholly from funds other than General Funds, moving and relocation expenses should be paid from project direct funds whenever the terms of grant or contract will permit. If such charges are not permitted, the administrative unit with which the project is affiliated should be

consulted regarding the availability of funds for moving and relocation expenses. For example, the Institute of Science and Technology and the Institute for Social Research have accounts in their budgets to which the expenses of their affiliates can be charged, if approval is received in advance from the director of the institute or other designated administrator.

For moving and relocation expenses incurred before December 31, 2017, Paragraphs G. and H. apply:

G. Non-taxable expenses – For moves that took place prior to December 31, 2017, there are two categories of moving and relocation expenses that are non-taxable: 1) expenses for moving household goods and personal effects from the staff member’s old residence to the new residence; and 2) expenses for traveling (including lodging but not meals) from the old residence to the new residence. The Internal Revenue Service determines annually the non-taxable portion of mileage reimbursement. (See procedures link below.) The distance between the staff member’s new workplace and old residence must be at least 50 miles farther than the distance between the staff member’s old workplace and old residence.

H. Taxable expenses - All other relocation expenses must be reimbursed as taxable income and will be reported on the staff member’s Form W-2. This includes the excess of mileage reimbursement over the Internal Revenue Service annual determination.

Procedures: <http://hr.umich.edu/procedures/spg201-68.html> (<http://hr.umich.edu/procedures/spg201-68.html>)

Notes

File Attachments

Printable PDF of 201x68.pdf (<http://spg.umich.edu/sites/default/files/601x68.pdf>)

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Related Links:

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