Tax Office - Moving Expense Policies & Procedures

Table of Contents

I. General Section
   TAX-ME-GS-01   Introduction

II. Policy Section
    TAX-ME-PL-01   Moving Expenses for Relocation of New Employees
    TAX-ME-PL-02   Moving Expenses for Relocation of Current Employees Overseas

I. General Section
TAX-ME-GS-01   Introduction
Guidelines for Relocation of New Employees & Relocation of Current Employees Overseas

Effective January 1, 2018 reimbursement of moving (relocation) expenses paid to, or on behalf of, an employee are taxable compensation to the employee. The guidelines are based on the Internal Revenue Code.

Taxable moving expenses should be paid as pay supplements and are subject to FICA, federal, and state taxes. These moving expenses are taxable income for the employee and are included on IRS Form W-2.

II. Policy Section
TAX-ME-PL-01   Moving Expenses for Relocation of New Employees
Effective January 1, 2018 reimbursement of moving (relocation) expenses paid to, or on behalf of, an employee are taxable compensation to the employee.

Payments made directly to the employee for personal moving expenses should be paid as a salary supplement using Wage Type 3035-Moving Taxable and SAP General Ledger 652501.

Payments made directly to the vendor (e.g. moving company) should also be paid as a salary supplement but should use Wage Type 3038-NC Moving and SAP General Ledger 652501.

TAX-ME-PL-02   Moving Expenses for Relocation of Current Employees Overseas
Effective January 1, 2018 reimbursement of moving (relocation) expenses paid to, or on behalf of, an employee are taxable compensation to the employee.

Payments made directly to the employee for personal moving expenses should be paid as a salary supplement using Wage Type 3035-Moving Taxable and SAP General Ledger 652501.

Payments made directly to the vendor (e.g. moving company) should also be paid as a salary supplement but should
use Wage Type 3038-NC Moving and SAP General Ledger 652501.