Moving Costs

At the discretion of each vice president, USD will reimburse reasonable and appropriate moving expenses for faculty and administrators (e.g., moving household goods and personal effects and traveling to their new home). The usual moving expense allowance is $5,000. However, each vice president will determine an employee’s eligibility for moving expense reimbursement and the maximum amount of reimbursement. Moving expense authorization and amount must be specified in the employment offer signed by the hiring official or a higher authority, or in an accompanying cover letter. To avoid confusion on the part of the new hire, the offer should make clear the maximum amount of the moving expense allowance and that it is a reimbursable allowance.

Reimbursements for authorized travel expenses during the recruitment process are not taxable to the prospective employee. Reimbursement of personal travel expenses (such as house-hunting trips) incurred by the new employee after an offer of employment has been accepted, but before the actual move, are taxable to the employee.

USD is required by the Internal Revenue Service (IRS) to report moving expense reimbursements made to employees. To determine whether the reimbursement is reportable as taxable or not taxable to the employee, two factors are considered. The first is whether the move meets the IRS deductibility tests:

1. The new workplace must be at least 50 miles farther from the employee’s old home than the old workplace was.
2. The employee must work full-time in the general area of the new workplace for at least 39 weeks during the 12 months right after the move.

If either qualifying test is not met, the moving expenses are considered nondeductible and any reimbursement made by USD is considered taxable income to the employee and will be reported to the IRS. If both qualifying tests are met, the next step is to look at the type of expense to determine deductibility. The IRS identifies certain moving expenses as deductible and all others are nondeductible. Reimbursement of deductible expenses is not taxable income. Examples of deductible and nondeductible expenses are provided below. Additional information is available in IRS Publication 521, “Moving Expenses.”

USD can make direct payments to moving companies as long as the payment being made is for the transportation of a new employee’s household goods and personal effects. Under IRS regulations,
qualified moving expenses paid by an employer directly to a moving company on behalf of the employee are not reported on the employee’s annual IRS Form W-2.

Reimbursement of the following deductible expenses may be made to the employee. Only expenses incurred in the shortest, most direct route available are deductible. The deductible expenses are limited to those incurred within one year from the date the employee first reported to work. The deductible cost of transporting personal effects from a location other than the employee’s former home is limited to the amount it would have cost to move the items from the employee’s former home.

Items that may be reimbursed and not included in taxable income on the employee’s W-2 are:

1. Transportation of household goods and personal effects:
   a. cost of a moving company
   b. cost of truck rental in a self-move situation
   c. actual fuel purchases in a self-move situation, or 23 cents per mile
   d. packing, crating, transporting, and unpacking of goods
   e. parking fees and tolls while in transit
   f. car shipping cost
   g. storage of household goods and personal effects for a period of up to 30 days.

2. Travel to new household:
   a. airfare (coach)
   b. lodging only while in transit (this includes one night at the old location and one night upon arrival at the new location)
   c. actual fuel purchases, or 23 cents per mile beginning 1/1/15
   d. parking fees and tolls while in transit

Supporting documentation, including original, itemized receipts; and a completed and signed check request form, should be forwarded to the appropriate Vice President’s office.

Nondeductible moving expenses are considered additional compensation to the new employee and must be processed through the payroll process. Below are examples of taxable, nondeductible moving expenses that will be reported as compensation on the employee’s W-2. Taxes are generally withheld on these expenses on the first or second paycheck after the expenses are reported to Payroll. Contact the Payroll Office with any questions regarding the withholding of taxes associated with moving expenses.

A. One pre-move house hunting trip—generally limited to one week or less in duration
   - Airfare, rental car, fuel purchases, meals and lodging permissible with appropriate receipts.

B. Travel of household excluded from non-taxable, deductible expenses:
   - Temporary housing expense after first night of arrival.
- Car rental on arrival while personal vehicle is being shipped is limited to one week.

Examples of expenses that do not qualify as moving expenses and will not be reimbursed include:

1. side trips for recreation/vacation
2. expenses associated with buying/selling a house
3. automobile registration costs
4. costs related to immigration
5. loss of security deposits
6. real estate expenses
7. personal telephone calls, tips, movies, or other entertainment purchased during the move
8. meals expenses incurred during relocation
9. return trips to your former residence

The members of your household do not have to travel together or at the same time, however, you can only deduct expenses for one trip per person.