Payment for Employee Moving and Relocation Expenses

Presenters:
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Agenda

• Introduction
• Policy
• Procedure
• Processing MEFs
• Questions
Introduction

• New Policy and Procedure apply to offers originating on or after September 1, 2017.

• Increased maximum allowable amount from $7,500 to $14,999.99

• Defined Eligible Employee, Eligible Move, and Eligible Expenses

• Expanded Eligible Expenses to include house hunting and meals (taxable)

• Created a form to assist with processing payments
What are Payments for Moving and Relocation Expenses (M&R)?

• In certain cases a hiring department may consider extending an offer to pay/reimburse a candidate for expenses incurred to move near UMB. Certain cases include:
  – Recruitment for executive, administrative, or faculty positions
  – Position is difficult to fill
  – Candidate possesses unique or specialized skills

• Approvals are required before the offer can be made

• The candidate, move, and expenses must meet eligibility criteria

• Offers are intended to assist with costs, not necessarily cover all costs
Part I: Policy
Approval to Pay Moving and Relocation (M&R) Expenses

• Individual schools should provide guidance for determining when it is acceptable to include payment of M&R expenses in offers made to faculty candidates.

• Approval for faculty appointments are set by individual schools. Check with your Dean’s Office to determine requirements for review and approval of M&R offers.

• Approval to include payment of M&R expenses in offers made for staff appointments must be obtained from Human Resource Services (HRS).

• M&R offers must be properly approved before presented to the candidate.
Policy Statement Includes:

• The terms and conditions of the M&R payment must be documented.

• The M&R expenses must be related to moving one household per eligible employee.

• School/department approvers may set a maximum M&R payment in an offer to an eligible employee. School/department maximums may be lower than the limits set forth in this policy.

• UMB reports M&R payments to the State of Maryland Central Payroll Bureau as required by law and State policy.
Policy Statement Includes:

• UMB will not pay for M&R expenses that have been, or will be, paid by another entity.

• An employee who has received an M&R payment will be required to refund it if any of the following occurs before the employee completes one year of service in the position held upon hire:
  – The employee requests and receives a transfer to another UMB department or requests and receives an employment status change (e.g. reduced hours, position change).
  – The employee voluntarily leaves UMB employment.
  – The employee is terminated for cause.
To qualify for an offer of M&R payments, the following conditions must be satisfied:

- Eligible Employee
- Eligible Move
- Eligible Expenses
Eligible Employees

• Offers to pay moving and relocation expenses may be extended to the following empl classes:
  – Faculty
    • Tenured – 01
    • Non Tenured
      – Tenure track – 02
      – Non-tenure track – 03
      – Librarians - 15
  – Exempt Regular Staff - 33
Eligible Employees

• The employee’s position must be expected to exist for at least one year.

• The employee must intend to complete one year of service in the position for which he or she is being hired.
Eligible Move

• Time and Distance tests established by the IRS

• Time
  – Move occurs within one year of hire date

• Distance
  – The UMB job location is at least 50 miles farther from the former residence than the employee’s old job location was
Eligible Move

• Example for Distance Test:
Eligible Expenses:

• Incurred by an Eligible Employee for an Eligible Move

• UMB allowable
  – Nontaxable
  – Taxable
Eligible Expenses:

• Nontaxable
  
  – Packing and transporting household goods
  
  – Moving household goods to and from storage
  
  – In-transit storage
  
  – Travel to new home (mileage, lodging)
  
  – Shipping car and household pets to new home
Eligible Expenses:

• Taxable – i.e. reported to IRS
  – Pre-move house hunting expenses
  – Meals for house hunting and moving (per diems)
  – Return trips to former residence
  – Extended storage
Important Notes:

• The mileage rate for moving is set by the IRS and differs from the mileage rate used for travel.

• Meal per diems are the same as travel per diems.

• P-Card cannot be used to pay for any moving-related expenses.
Important Notes:

• Offers equal to or exceeding $15,000 require additional approvals:
  – Faculty offers: Chief Accountability Officer
  – Staff: Chief Business and Finance Officer

• IRS Publication 521 contains specific rules for the tax treatment of payments.
IRS Rules Summarized:

To qualify for nontaxable status:

• Eligible employee, eligible move, & eligible expenses

• Eligible employee must work fulltime for at least 39 weeks during the first year (12 consecutive months). UMB will defer to the IRS guidelines for faculty on 10-month contracts.

• Expenses are on the list of nontaxable expenses (see slide #15).

• MEF and other supporting documentation are submitted within 60 days after paid.
Part II: Procedure
General Information

• Applies when UMB funds are used via transfer, journal entry, check payment, or any other method, to reimburse a third party payer (e.g. affiliate, foundation, agency, institution) that paid M&R expenses

• Can only be charged to a contract or grant if it is allowed by the sponsor
  – If the terms of the contract or grant are more restrictive than UMB policy, the terms of the contract or grant supersede the UMB policy.
General Information

• Payment requests for a commercial moving company that exceed $5,000 may require evidence of at least two estimates.

• Payment may be made directly to the moving company or as a reimbursement to the employee.
  – Itemized receipt is required.

• Total of all payments cannot exceed the amount approved in the offer letter.
Repayment

• Employees who do not remain eligible (e.g. complete one year of service in the original position) may be required to repay UMB for M&R payments received.

• Repayment is due within 30 days of notification by UMB.
Part III: Processing MEFs
Moving Expense Form (MEF):

• Assist with meeting IRS rules

• Compares payment with offer

• Properly categorize expenses
Processing:

• Submit reimbursement request via PUR02

• Submit within 60 days of the dated receipt(s)

• Original itemized receipts

• Include Required Documentation
Required Documentation for *each submission*:

- MEF

- Offer Letter

- Copies of itemized receipts. Departments are required to retain the original receipts.

- Copy of the page(s) of the contract or grant agreement showing that moving expenses are allowable
Resources:

- Disbursements Webpage: [http://www.umaryland.edu/financialservices/disbursements/](http://www.umaryland.edu/financialservices/disbursements/)

- Policy and Procedure Library:
Moving Contacts

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Questions?