



TEXAS TECH UNIVERSITY™

Operating Policy and Procedure

OP 72.10: Payments for Employee Moving Expenses

DATE: November 11, 2019

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to establish procedures for paying employee moving expenses.

REVIEW: This OP will be reviewed in November of odd-numbered years by the Managing Director of Payroll & Tax Services with substantive revisions forwarded through administrative channels to the Vice president of Administration & Finance and Chief Financial Officer.

AUTHORITY AND APPLICABILITY

This OP follows the tax rules set forth by the Internal Revenue Service (IRS). See IRS Publication 521 for more information. In the event that the IRS rules change or there is a discrepancy between this OP and the IRS, the rules set forth by the IRS will prevail.

POLICY/PROCEDURE

1. Business Expenses

Expenses incurred to bring prospective employees to the university (e.g., recruiting, interviews, etc.) are business expenses that should be paid directly to the vendor and are not employee moving expenses covered by this OP.

2. Employee Moving Expenses

- a. All relocation payments made on or after January 1, 2018 will be taxable. Recent passage of the Tax Cuts and Jobs Act removes the individual moving expense deduction effective January 1, 2018. This change will prohibit an employer's ability to pay and/or reimburse an employee's moving expense as a **nontaxable** payment. As such all relocation payments made on or after January 1, 2018 will be taxable and must be submitted on the MOV earn code.
- b. Payments of moving expenses to the employee should be processed through Human Resources by processing through the Employee One-Time Payment System (EOPS), located at https://banapps.texastech.edu/itis/PY_employee_OTP/Welcome.aspx. The MOV pay code should be used for all moving expenses.
 - (1) **Actual Reimbursement:** if reimbursing actual (incurred) moving expenses, please submit copies of the receipts with the MOV EOPS. Receipts need not be original; physical and/or digital copies are sufficient. Scanned copies of all applicable receipts attached to the EOPS as a PDF document is the preferred method. The following information should be included with the receipts:

- (a) The date the employee accepted the job;
 - (b) The date the employee started work;
 - (c) The date(s) the moving expenses were incurred;
 - (d) The date(s) the employee was traveling and moving;
 - (e) The employee's former city of residence; and
 - (f) The family members who traveled with the employee.
- (2) Relocation Stipend: For relocation stipends, receipts are not required if an offer letter indicating the amount of the relocation stipend offered is attached to the EOPS transaction. Departments do not have to wait until the move has occurred to submit the EOPS payment.
- c. Payments of expenses to a contracted third-party vendor should be made through TechBuy. If agreed upon by the department and the employee, departments may contract with a third-party vendor to complete the moving/relocation services. In this case the moving expenses should be paid directly to the moving company through TechBuy. Any moving expenses that are paid through TechBuy to a third party on behalf of an employee are considered a taxable benefit. Amounts paid to a third party on behalf of an employee that are for moving expenses will be added to the employee's W-2 wages with taxes withheld. It is the responsibility of the department to inform the employee that taxes will be withheld on this type of payment.

3. Approvals

Reimbursement for moving expenses requires the approval of the appropriate vice presidents or the Provost and Senior Vice President.