

Moving Expenses

FIN-ACC-I-310



About This Policy

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Responsible University Office:

Financial Management Services

Responsible University Administrator:

Vice President and Chief Financial Officer

Policy Contact:

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Related Information

* [I-30, Fiscal Misconduct](#)

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Policy Statement

Certain expenses incurred in moving the household goods and personal effects for a new, full-time faculty or staff member who has accepted a position with Indiana University may be paid directly to vendors by the university, or reimbursed to the individual, on a non-taxable basis. The types of moving and related travel expenses which are eligible for payment or reimbursement will be determined in accordance with IRS guidelines, unless specifically modified by the university elsewhere in this policy statement.

Limitation on Use of University Funds

The total of payments or reimbursements that may be made to an individual with university funding, including travel expenses, is at the discretion of the campus chancellor or appropriate vice president, but is limited to no more than \$10,000.00.

Eligible Moving Expenses

Expenses associated with the transportation of household goods and personal effects from prior residence to new residence are eligible as moving expenses, including costs of packing, shipping and unloading. Note that special, optional, "unpacking" services offered by some moving companies do not qualify as reimbursable expenses.

Eligible Travel Expenses

Expenses of traveling from the former residence to the first new place of residence are reimbursable as moving expenses. The actual costs of transportation and lodging incurred in route are eligible. Mileage reimbursements will be made based on the IRS guidelines. Travel expenses are limited to one trip per family member.

Ineligible Expenses are Taxable Compensation

Payments made to an in-coming university employee to assist the employee in paying for the following types of expenses cannot be made as nontaxable payments or reimbursements of moving expenses under either IRS or State Budget Agency guidelines. Payments for the following types of expenses will be treated as taxable compensation to the employee and must be paid outside the scope of the Moving Expense Policy, by utilizing the Supplemental Payroll Voucher process:

1. Storage and related expenses.
2. Meals consumed during the time of travel.
3. Expenses for the purpose of looking for a new residence.
4. Temporary living expenses in the new location.
5. Travel expenses related to side-trips or vacation stops on the way from the former residence to the new residence do not qualify as deductible moving expenses.

Scholarly Equipment and Materials

Expenses incurred for the relocation of a laboratory, library, scholarly collection or research equipment will not be considered household goods or personal effects to the extent that these items are relocated to university premises. These expenses are considered ordinary and necessary business expenses of the university and will not be subject to the stated dollar limitations.

Inter-Campus Moves

Moving expenses for existing faculty or staff who are asked to relocate may also be reimbursed at the discretion of the campus chancellor, subject to the other limitations that are within this policy.

Distance Limitation

The move of the residence must meet the minimum IRS distance test of 50 miles from the location of the former residence.

Nonresident Alien Status

Nonresident aliens who receive moving expense reimbursements must provide the university with proper documentation of visa status and work authorization, prior to authorization of payment or reimbursement.

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Reason For Policy

Provide a means of paying for, or reimbursing, moving expenses incurred by new employees that are full-time staff or faculty members.

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Procedure

Initiating Department Responsibilities

1. The department requesting the authorization of a moving expense reimbursement must complete a Moving Expense Authorization Form, which must include the following: New employee's name New employee's position number New employee's social security number Amount of reimbursement authorized Account(s) and amount(s) to be charged Signature of fiscal officer Signature of dean or director of responsibility center After receiving authorization from the campus chancellor, the form must be forwarded to either Financial Management Services (for all campuses except IUPUI) or the IUPUI Accounting department, as applicable.
2. A purchase requisition form for expenses incurred for transportation of household goods and personal effects must be prepared and submitted for payment (expense class 5070, relocation expenses) to either Financial Management Services or the IUPUI Accounting department. Payments are then made directly to the moving company.
3. A disbursement voucher must be submitted for expenses incurred in traveling from the former residence to the new place of residence. House hunting expenses can no longer be paid for as a non-taxable reimbursement. These forms must be directed to either Financial Management Services or the IUPUI Accounting department, as applicable. Payments for these expense will only be made on a supplemental payroll voucher. A copy of the supplemental voucher should be sent to the Tax Department of FMS as this information must be included on the Form 4782 for the employee.

Administrative Review

1. Moving expense authorization forms, purchase requisition forms and disbursement voucher forms will be reviewed and monitored for compliance with university policy by Financial Management Services or the IUPUI Accounting department, as applicable.
2. Upon completion of review, requisitions and disbursement voucher forms will be forwarded to the Purchasing and/or Travel Management Services departments.

Contract and Grant Reporting

1. Moving expenses may be allowable on contracts and grants, provided that the source of salary funds and source of moving expenses are consistent, and within the \$10,000 limit. Reimbursements paid against a contract and grant account are also subject to policies established by the university or granting agency.
2. Office of Management and Budget Circular A-21 also states that if moving charges are made against federal funds and the individual should terminate employment within twelve (12) months of the reimbursement, then 100% of the charges will be disallowed.

Tax Reporting

1. The amount of moving expenses that are paid or reimbursed by the university will be reported on the individual's W-2 form during the year(s) in which the payments or reimbursements occurred. No taxes will be withheld on the amount that is paid as a reimbursable moving expense. If the employee incurs bona fide moving expenses that are not reimbursed by the university, the employee may be able to deduct allowable expenses on his/her individual income tax return.
2. In order to assist the individual in completing IRS Form 3903, the university must provide the individual with a completed copy of IRS Form 4872, Employee Moving Expense Information. These forms will be completed by Financial Management Services and sent to the individual no later than January 31 of the year following the dates on which the payments or reimbursements were made.
3. IRS Publication 521 details the federal income tax rules and regulations for individuals, in regard to moving expenses and includes samples of completed moving expense Form 3903. This publication is available at local libraries and from the IRS by calling 1-800-829-3676.

Exception Process for Use of Non-University Funds

A campus may choose to reimburse moving expenses in excess of the policy limitations stated above only by using IU Foundation funds, with the approval of the campus chancellor. Such exceptions are subject to the following constraints:

- a. funds must be transferred into the campus designated account only from an IU Foundation account, with approval from the Financial Management Services and the appropriate campus business officer;
- b. funds must be transferred into the campus designated account in the exact amount of the expenses to be reimbursed;
- c. funds must be transferred into the campus designated account prior to payment of the reimbursement;
- d. no other types of expenses may be paid from the campus designated account; and,
- e. these expenses are subject to the same reporting guidelines for payments noted above.

Note: the use of a non-university funding source will not affect the underlying character of the expenses as either eligible moving or travel expenses (non-taxable) or ineligible expenses (taxable employee compensation).

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History

The source to this policy is:

Internal Revenue Code, State Budget Agency, State Board of Accounts, Office of the Treasurer