

Volume No. 1 - Policies & Procedures	<b>TOPIC NO.</b>	<b>20345</b>
Function No. 20000—General Accounting	<b>TOPIC</b>	<b>MOVING AND RELOCATION</b>
Section No. 20300—Cash Disbursements Accounting	<b>DATE</b>	March 2008

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## Overview

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### Introduction

The intent of these regulations is to provide general rules, guidelines, and specific limitations for agencies when reimbursing personnel for relocating their household to accommodate the Commonwealth. The regulations are to assist agencies in moving and relocating employees and their families as expeditiously as possible and at a fair and reasonable cost to the Commonwealth.

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## Policy

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### Agency Election

If an agency elects to provide moving and relocation reimbursement, it must do so within the maximum limitations and restrictions provided herein.

**No agency is required by these regulations to provide such reimbursement for moving and relocation expenses, and may restrict the amount provided to a lesser sum than the maximum allowed, either in total or by category.**

Due to financial and fiscal constraints and other agency personnel considerations, each agency is authorized to supplement these regulations provided that the *Reimbursement Limitations* (shown below) are not exceeded, and such supplements do not constitute deviation from provisions of the reimbursement guidelines established by the Comptroller pursuant to Section 2.2-1822 of the Code of Virginia.

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### IRS Regulation Compliance

It is the agency's responsibility to comply with Internal Revenue Service (IRS) regulations. All moving and relocation reimbursements, with the exceptions of moving household goods and personal affects, temporary in-transit storage and traveling to the new place of residence, must be included in the employee's gross income on the Federal W-2 form. (Refer to CAPP Topic No. 50515, *Special Payments*, for answers to questions concerning reimbursement through payroll.)

Adherence to IRS moving and relocation regulations for income reporting and tax deduction and reporting applies to all agencies, even when non-State (local) funds are used. (See *IRS Reporting* below.)

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### Regulation Application

These regulations apply to all agencies, institutions, positions, and employees of the Commonwealth, except employees who do not qualify for moving and relocation reimbursement, such as those paid on an hourly or daily basis and others specifically exempt by Order of the Governor or by Acts of the General Assembly. In instances where an exemption exists, documentation of this exemption should accompany the request for reimbursement.

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## Policy, Continued

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### **Test of Public Review**

Discretion is required at all times when incurring and reporting expenditures of public funds. State employees are always expected to exercise prudent judgment and expenditures must be able to sustain the test of public review. Acknowledging the need to administer to individual situations while applying these regulations in an equitable and competitive manner, agency management must ensure that all reimbursements are thoroughly documented and reviewed in every case before being approved for payment.

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### **Reimbursement Basis Only**

Moving and relocation expenses can be paid on a reimbursement basis only.

All reimbursements, except common carrier or temporary storage, must be processed through the State payroll system, CIPPS.

**Reimbursements through other processes, such as the petty cash reimbursement process, are not allowed.**

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## Definitions

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**Agency** Any agency, commission, department, division, institution, board, council, or other organization of the Commonwealth of Virginia operating from State funds.

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**Agency Head or Designee** The officially-designated individual who directs the daily operations of the any agency of the Commonwealth.

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**Carrier Transportation** Services performed by a common carrier transportation company (e.g., loading, hauling, crating, and unpacking) and incidental materials supplied in moving the employee's household goods and personal effects.

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**Common Carrier** Any licensed, commercial moving company.

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**Days** All references to *days* refer to calendar days.

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**Family** Includes any spouse or dependent that resides in the household and moves to the new location.

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**Moving** Actions to change a place of primary and permanent residence.

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**Moving Expenses** Expenditures for transporting the employee, family, household goods, and personal effects from the former residence to the new work location.

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**Personal Residence** House, condominium, townhouse, or rental property (e.g., apartment, flat) where the employee's primary household is maintained on a permanent basis.

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**Primary Household** Household goods and personal effects which are maintained at the employee's main place of residence.

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## Definitions, Continued

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**Relocation** The process of assigning, establishing, and/or settling in a particular place for employment purposes.

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**Relocation Expense** Expenditures other than moving expenses incurred in the process of relocating the employee and family.

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**State Employee** Any elected, appointed, salaried, or classified employee of a State agency or institution.

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**State Funds** Any funds deposited with the State Treasurer, whether derived from appropriations or agency receipts.

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**Tenure Agreement** An agreement to remain in the employment of the Commonwealth from the first day in the new position until twelve (12) months thereafter. This agreement must be signed prior to incurring expenses.

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**Temporary Quarters** Temporary quarters are defined as lodging or housing in which the employee lives at a reasonable cost, until a permanent residence is secured, or up to a maximum of 90 days. Temporary quarters could consist of any type of lodging or housing, such as hotels/motels, apartments, or single family dwellings.

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## Eligibility

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### **Agency Discretion**

The eligibility of any employee for reimbursement of moving and relocation expenses involves agency discretion.

Each agency has the authority to approve or disapprove expense reimbursements resulting from valid relocations subject to the regulations set forth herein.

The agency is responsible for notifying employees of any limitation of scope or agency policy which may affect the eligibility for reimbursement.

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### **Employee**

Eligible employees must be salaried employees of a State agency in regular, full-time positions to be eligible for moving and relocation reimbursement. Employees in a quasi-full time position (32-39.9 hours per week) are not eligible for moving and relocation reimbursement.

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## Relocation

**Conditions To Be Satisfied** To be eligible for reimbursement, the employee's relocation must meet **all** **three** of the following conditions:

No.	Condition	Description
1	<b>Relocation at Employer's Request</b>	<p>The relocation must be at the request of the employing agency and for the good of the Commonwealth as determined by the Agency Head.</p> <p>Expenses will not be reimbursed when the relocation is at the request of, or for the convenience of the employee.</p>
2	<b>Relocation Distance</b>	<p>The distance between the employee's new work location and former residence must be at <b>least fifty (50) miles greater than the distance between the employee's old work location and the former residence.</b> That is, the employee's commuting distance must have increased by at least fifty (50) miles one way. For example, if the original commuting distance from the former residence to the old work site was 10 miles, the new work site must be at least 60 miles (10 miles original commuting distance plus the 50-mile increase) from the former residence.</p> <p>Exceptions may be considered by the State Comptroller for relocations which require the employee to establish a new residence in a specific geographical location when commuting distance is not increased by 50 miles. See <i>Reimbursement Processing Policy</i> below for exception requests.</p>

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## Relocation, Continued

<b>No.</b>	<b>Condition</b>	<b>Description</b>
3	<b>One-Year Tenure</b>	<p>The employee must <u>satisfactorily</u> maintain employment on a regular, full-time basis in State service for at least <u>one year</u>, commencing on the date that the employee starts work on a regular basis at the new location.</p> <p>The tenure condition and repayment requirements must be documented in the <i>Employment Tenure Agreement</i> in accordance with the policy established in the <i>Employment Tenure Agreement</i> below.</p>

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## Reimbursement Limitations

### Expenses Incurred and Supported

Any expenditure to be reimbursed must be reasonable, necessary, incurred after the employee executes an employment tenure agreement (see *Employment Tenure Agreement* below) and reported to the Agency head or designee within twelve (12) months of the date the employee starts work at the new location.

### Reimbursement Dollar Limit

The total dollar limit for reimbursement for all expenses other than for transportation and storage of household goods is **\$11,000**.

A maximum limit is not placed on expense reimbursement or costs related to use of a common carrier for transportation and storage. However, these expenses must be reasonable and necessary.

This includes all reimbursements, i.e., actual reimbursements received by the employee and payments to third parties on behalf of the employee, **including necessary employer payroll taxes paid** related to these reimbursements.

#### Example

If total actual allowable moving costs totaled \$12,000, the employee will be reimbursed \$10,158.50 less the employee withholdings. Here is how this figure is derived:

This reimbursable amount is the \$11,000 maximum minus the employer FICA tax. The current rate is 7.65% which calculates to \$841.50 (7.65 % of \$11,000). The amount remaining for direct reimbursement to the employee is \$10,158.50 less the **employee withholdings** for Federal and State income taxes and employee FICA.

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## Reimbursement Limitations, Continued

### Travel

Travel related to moving and relocation is eligible for reimbursement according to CAPP Topic 20335, *State Travel Regulations* and is limited to:

- Trips for actual house hunting (house hunting must occur prior to first day of work), including automobile rental (see *Househunting Expenses*);
- The initial trip (employee's move to new residence), after employment to the new duty station; and,
- The trip to bring the family to the new residence (temporary or permanent).

Travel reimbursement does not include automobile rental except for house hunting purposes.

### Mileage

Reimbursement for mileage may not exceed the mileage rate established in the current Appropriation Act in effect at the time of travel. All mileage reimbursements over the amount allowed by IRS as a deduction are taxable. (See self-moving mileage in *Expenses for Relocating Household Goods and Personal Effects* for example.)

### Employee's Spouse Is State Employee

If the employee's spouse is a State employee and otherwise eligible for moving and relocation expenses, reimbursement of any such expenses will be paid to only one employee within the limits prescribed and only to move the primary household to the new location.

### Agency Funding

Disbursements for reimbursable moving and relocation expenses and related taxes, if any, must be funded from monies within the employing agency's budget.

### Pre-Employment Expenses

Expenditures for travel, testing, interviewing, and related activities incurred by or for a prospective employee before the applicant has accepted the employment offer are termed *pre-employment expenses* and are not considered moving and relocation expenses.

Travel expenses of prospective employees, incidental to an employment interview, may be reimbursed by an agency. Such pre-employment expenses will be reimbursed separately in accordance with CAPP Topic No. 20335, *State Travel Regulations* in effect at the time such expenses are incurred.

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## House-Hunting Expenses

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**House-Hunting Expenses** House hunting expenses include the following for employee and spouse while traveling:

- **Cost of transportation (including automobile rental)**
- **Meals**
- **Lodging**

Travel expenses for house-hunting purposes are eligible for reimbursement in accordance with CAPP Topic No. 20335, *State Travel Regulations*.

The number of reimbursable trips for house hunting purposes is limited to three (3) trips for the employee and three (3) trips for the spouse.

The maximum number of reimbursable lodging nights is fifteen (15). A night of combined lodging for both the employee and spouse counts as one night.

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## Temporary Quarters

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### Temporary Quarters

Reimbursement for reasonable **lodging** or rent may be claimed for a period of ninety (90) days from the first day of work at the new location.

Reasonable **residential parking fees** will be reimbursed during the 90 days of temporary quarters.

Expenses for **meals** may be claimed for the first thirty (30) days of residence in temporary quarters.

All such expenses must be reasonable, necessary, and in accordance with CAPP Topic No. 20335, *State Travel Regulations*.

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## Home Sale Expenses

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**Home Sale** Actual expenses of real estate commissions on the sale of the former principal residence and those customary closing and legal costs incurred in the sale of that residence, as listed below, are reimbursable.

A copy of the *Closing Statement*, signed by either the closing attorney, the realtor, or the seller, must be included as supportive documentation when requesting reimbursement.

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**Home Sale Expenses Reimbursable** The following expenses related to the sale of the principal residence due to moving and relocation are reimbursable:

- Actual expense of real estate commission;
- Attorney fees;
- Escrow fees;
- State or local transfer taxes; and,
- Pest inspections.

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**Home Sale Expenses NOT Reimbursable** The following expenses are not reimbursable:

- Sales commissions and similar expenses if the employee acts as a selling agent (closing and legal costs are allowed);
- Advertising and "Fix-up" costs;
- Loss sustained on sale of residence;
- Real estate and capital gains taxes;
- Payment and repayment of interest;
- Points or loan payment charges that are negotiable;
- "Carrying" costs (maintenance fees, utilities, principal, etc.);
- Mortgage penalties; and,
- Buyer's closing costs, including Virginia fees.

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**Cancellation of Lease** The settlement of a lease in the former residence is reimbursable if the settlement is due to moving and relocation.

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## Expenses for Relocating Household Goods and Personal Effects

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### Common Carrier

The actual costs paid for common carrier transportation of the employee's household goods and personal effects from the former principal residence to the residence at the new work location are reimbursable.

If the employee uses common carrier transportation, the amount of actual costs is allowed in addition to the \$11,000 limitation (minus employer FICA tax) (See *Reimbursement Limitations*).

The employee is responsible for consulting with the employing agency's procurement department to determine the required number of bids in accordance with current Virginia Public Procurement regulations.

Copies of the required bids should be provided to the agency prior to a formal commitment to utilize the common carrier. The bid(s) should be attached to the *Employee Moving and Relocation Expense Information* form when the invoice is submitted for payment.

When at all possible, the employee should utilize a common carrier based in Virginia. When outside of the Commonwealth of Virginia, employees should contact Virginia common carriers to inquire if they are able to match bids submitted by out-of-state firms.

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## Expenses for Relocating Household Goods and Personal Effects, Continued

**Self-Moving** If the employee chooses to move himself/herself, the amount of the actual costs incurred will be included in the \$11,000 limitation (minus employer FICA tax) (See *Reimbursement Limitation*).

- **MOVING VEHICLE RENTAL**

Moving van, truck, trailer, hand truck, or other appropriate moving equipment, vehicles, and supplies are reimbursable with rental company receipt. Purchase of such a vehicle or equipment is not reimbursable. The purchase of moving supplies, such as packing paper, boxes or cartons, may be reimbursed with appropriate receipts. The amount of such purchases must not exceed \$200. Gas used by a rental truck during the move is reimbursable with proper receipts.

- **LABOR USED DURING THE MOVE**

Reimbursement is limited to a reasonable hourly wage with the maximum total being \$250. Labor provided by the employee or immediate family member(s) is not reimbursable. A receipt from the individual employed, with amount paid and a signature, must be attached to the reimbursement request.

- **MILEAGE**

If a personally-owned or borrowed moving vehicle is used in the move, reimbursement will be allowed at the mileage rate specified in the current Appropriation Act, provided that the number of miles is recorded on the voucher.

All mileage reimbursements over the amount allowed by IRS as a deduction are taxable. Example: For Calendar Year 2007, the IRS per mile rate for mileage reimbursement for travel is 48.5 cents and the allowable moving deduction per mile is 20 cents; therefore, 28.5 cents per mile would be reported as taxable income.

Reimbursement will not be allowed to cover the "rental value" of the personally-owned vehicle.

A car or truck with a trailer in tow will also be reimbursed at the mileage rate specified in the current Appropriation Act.

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## Expenses for Relocating Household Goods and Personal Effects, Continued

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- **TOLLS**

Tolls paid during the move are reimbursable provided the name of the facility (road, bridge, and tunnel) is provided. A receipt is required for reimbursement where the individual claim is greater than \$10.

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**Storage Expense**

The expense for a maximum of thirty (30) days temporary (in-transit) storage of household goods is reimbursable if the employee cannot move directly into the new residence.

This amount is **not** included in the \$11,000 limitation (minus Employer FICA tax) (see *Reimbursement Limitations*)

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## Expenses for New Home Purchase

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**Introduction** Expenses related to the purchase of a replacement home, which is the primary residence, are reimbursable for the specific items listed below and are subject to the maximum limitation for all moving and relocation expenses of \$11,000 (*minus employer FICA tax*).

To qualify for this reimbursement, the relocated employee must have owned a primary residence at his prior location, which due to relocation resulted in disposal of the residence.

This reimbursement is not allowed for the purchase of a second residence, investment property, business property, or resort/vacation property at the new work site.

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**Reimbursable Expenses & Documentation**

The following expenses related to a home purchase are reimbursable:

- VA funding fee
- Loan origination fee, or lease processing fee
- Mortgage survey
- Appraisal fee
- Credit report
- Title search
- Recording fee
- Title insurance
- Attorney fee
- Home inspection (Limit 1)
- Notary fees

All of these expenses must be related to the purchase of the primary residence. Documentation identifying these expenses is required.

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## Expenses for New Home Purchase, Continued

**Closing Within 12 Months** For expenses related to a home purchase to be considered for reimbursement, the replacement (closing) of the prior primary residence must be accomplished within twelve (12) months after the official starting date of employment.

Extenuating circumstances that result in the twelve (12) month period expiring prior to the purchase (closing) of a replacement home may be approved by the Agency head or designee for up to an additional 12 months. Extension requests after this period may be presented to the State Comptroller for consideration.

**Non-Reimbursable Expenses** Costs related to the **purchase and replacement of a primary residence** not specifically listed above are not reimbursable.

Examples of some expenses that are not reimbursable follow:

- Utility deposits and/or connection fees
- Real estate taxes, prepaid or otherwise
- Capital gains taxes
- Mortgage loan differential
- Realtor fees related to purchasing
- Remodeling or decoration expenses
- Points, discount fees, or loan payment charges
- Repair and maintenance costs
- Homeowner insurance
- Homeowner warranty fees
- Private mortgage insurance
- Permit fees such as building, sewer, and zoning
- Deposit for rent

Costs related to **moving and relocation not specifically allowed in these regulations** are not reimbursable. The following expense items are examples of expenses that shall not be considered as valid moving and relocation expenses and will not be reimbursable:

- Insurance in excess of bulk rate coverage provided by the Common Carrier;
- Cost to transport recreation vehicles such as yachts;
- Laundry or dry cleaning while in temporary quarters; and,
- Cost to move a pet.

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## Employment Tenure Agreement

**Introduction** To be compensated for moving and relocation expenses—except where the relocation resulted from a transfer required by the agency—the employee must execute an employment tenure agreement with the employing agency *before* any such expenses are incurred.

**Tenure Agreement's Stipulation** The agreement must stipulate that the employee must **remain employed on a regular, full-time basis in State service for at least one year**, commencing upon the date when the employee starts work at the new location

**Early Employee Termination** The following table illustrates reimbursable situations when early-employee termination occurs.

<b>If the . . .</b>	<b>Then the . . .</b>
<b>Employee</b> terminates State employment before the obligated one year of service	<b>Employee</b> refunds to the Commonwealth a <i>pro-rated amount</i> of the gross amount of moving and relocation reimbursements. In this situation, actual reimbursements received by employee and paid to third parties on the employee's behalf and all taxes deducted that relate to these reimbursements are <i>pro-rated based upon the time employed</i> .
<b>Agency</b> required the relocation	<b>Employee</b> is not required to make a repayment of expenses.
<b>Agency</b> elects to terminate the employee due to unsatisfactory job performance <i>and not due to standards-of-conduct violations</i>	<b>Employee</b> is not required to make a repayment of expenses.
<b>Agency</b> undertakes a manpower reduction requiring a layoff	<b>Employee</b> is not required to make a repayment of expenses.
<b>Employee's</b> termination is for other reasons beyond the employee's control and found to be acceptable by the employing agency	<b>Agency</b> can waive repayment or require pro-rated repayment based upon the time employed.

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## Employment Tenure Agreement, Continued

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### Agreement for Each Move

The employee must sign a separate employment tenure agreement for each move for which the employee is eligible for moving and relocation expense reimbursement.

If the employee is transferred to another work location in the State service before the period covered by the tenure agreement has elapsed, a new tenure agreement for twelve (12) months must be entered into.

All tenure agreements terminate twelve (12) months after the related employment date. Therefore, an employee does not have to complete a twelve (12) month tenure agreement before a second agreement begins.

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### Exceptions

Exceptions involving the early cancellation of an existing tenure agreement upon executing a new tenure agreement will be at the option of the agency or agencies involved.

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### Agreement Sample Form

A sample *Employment Tenure Agreement* form follows below.

Although a copy of this Agreement is not required to accompany requests for expense reimbursement, the signature date is required to be referenced on the *Moving and Relocation Expense Summary*.

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**TENURE AGREEMENT**

This is an agreement entered on \_\_\_\_\_ for the payment of employee moving and relocation expenses of \_\_\_\_\_ who has accepted employment with the \_\_\_\_\_.

1. In order to assist the Employee in meeting the extraordinary expenses of moving and relocation and as a further inducement to accept employment, the Department agrees to reimburse the Employee for moving and relocation expenses in accordance with the *Commonwealth of Virginia Moving and Relocation Regulations* issued by the Office of the Comptroller in effect on the date of this agreement.
2. In consideration of the Department's offer to reimburse moving and relocation expenses, the Employee agrees to remain in the employ of the Department for period of twelve (12) months beginning \_\_\_\_\_.
3. The Employee further agrees that in the event the Employee does not remain in the employ of the Department as a full-time employee for the full twelve-month period, the Employee will repay to the Department a *pro-rated amount of the* gross reimbursement for moving and relocation expenses, including actual money plus related payroll taxes withheld by the Department, whether received directly by the Employee or paid to third parties on the Employee's behalf. The amount to be repaid shall be prorated on a monthly basis such that for each full month during which the Employee remained in the employ of the Department, the amount to be repaid shall be reduced by one-twelfth (1/12) of the gross reimbursement. The Department, in its sole discretion and with the recommendation of the Agency Head, may waive repayment if the Employee is separated for reasons beyond the Employee's control, but termination for standards of conduct violations shall not be deemed to be a reason beyond the Employee's control. Repayment will not be required if termination at the election of the agency due to unsatisfactory job performance or as a result of a layoff.

In witness to this agreement, the parties execute their acceptance of its terms by affixing their signatures below.

Employee \_\_\_\_\_

For the Department \_\_\_\_\_

Date \_\_\_\_\_

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## Reimbursement Processing Policy

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### Special Payment Process

Reimbursement to an employee for moving and relocation expenses may not be made on an Accounting Voucher, travel voucher, or petty cash voucher. Instead, reimbursements made directly to the employee must be made through the state's payroll's special payment process. Procedures for this process are located in CAPP Topic No. 50515, *Special Payments*.

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### Lodging, Meals, & Mileage

Reimbursement for lodging, meals, and mileage must be actual, reasonable, necessary, and within the guidelines of CAPP Topic No. 20335, *State Travel Regulations*, where applicable.

Supporting documentation such as of receipts and detailed listings of charges are required in accordance with CAPP Topic No. 20335, *State Travel Regulations*, and must be attached to the special payroll documents maintained at the agency.

As an aid to documentation, a travel voucher must be used to itemize expenses and then be attached to the payroll submission as supporting documentation. This travel voucher may not be submitted as a voucher for payment.

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### Reimbursement Forms

A copy of the **DA-02-182, *Moving and Relocation Expense Summary***, must be properly completed and attached, along with required receipts and detailed back-up, to the back of each special payroll being submitted. (See form sample below.)

Third-party payments on the **DA-20-250, *Accounting Voucher***, or using the Small Purchases Charge Card may only be made to common carriers for transportation of the employee's household goods and personal effects from the former residence to the residence at the new work location or for temporary storage of employee's household goods up to thirty (30) days if an employee cannot move into his new residence.

No other third-party payments can be made for moving and relocation expenses. A copy of the **DA-02-182, *Moving and Relocation Expense Summary***, must be properly completed and attached, along with required invoices, to the back of each submitted voucher. Follow your agency's normal payroll adjustment procedures.

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**EMPLOYEE MOVING AND RELOCATION EXPENSE SUMMARY FORM DA-02-182  
(SAMPLE)**

Agency Code: \_\_\_\_\_  
 Reimbursement Number: \_\_\_\_\_ Is this the final reimbursement? Yes \_\_\_ No \_\_\_  
 Employee Name: \_\_\_\_\_ Employee Number: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
 Date Employed: \_\_\_\_\_ Date Tenure Agreement Signed: \_\_\_\_\_

Type of Moving Expenses	Total This Report	Total All Prior Reimbursements	Cumulative Total
<b>Taxable Expense:</b>			
Pre-move travel and lodging payments excluding meals: Number of trips: _____ Number of nights: _____			
Temporary quarters travel and lodging payments From: _____ To: _____			
Total meal payments for pre-move house hunting and temporary quarters			
Total meal payments incurred during travel from old to new home			
Travel – mileage in excess of IRS allowable rate			
Qualified expenses of buying a new home			
Qualified expenses of selling old home			
Other payments (Specify on an attached sheet)			
<b>Subtotal Taxable Expenses</b>			
<b>Non-Taxable Expenses</b>			
Transportation-Common Carrier			
Transportation other than Common Carrier (Moving vehicle rental)			
Storage (max 30 days) Date From: _____ To: _____			
Travel and lodging payments excluding meals for move from old to new home (mileage at IRS allowable rate)			
<b>Subtotal Non-Taxable Expenses</b>			
<b>Grand Total</b>			

**Certification Statements:** I certify that the expenses were incurred by me while moving and relocating at the request of the above cited agency of the Commonwealth of Virginia.

**Signature of Employee:** \_\_\_\_\_ **Date:** \_\_\_\_\_

I certify that the expenses were incurred in an employee relocation requested by the Commonwealth of Virginia and do not exceed the requirements set forth in the DOA moving and relocation expense regulations. Written approval for reimbursement above normal established limits is attached.

**Signature of Agency Head:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Print Name:** \_\_\_\_\_ **Title:** \_\_\_\_\_

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## Reimbursement Processing Policy, Continued

**Approvals** The following table indicates who is responsible for reimbursement approvals for moving and relocation expenses that must be approved in writing.

<b>Expenses prepared by . . .</b>	<b>Are approved by . . .</b>
Employee	Agency Head
Community College President	Community College Chancellor
College or University President	Secretary of Education
Gubernatorial Appointees	Appropriate Governor's Secretary
Governor's Secretary	Governor or his/her designee

**Exceptions** The Agency Head or designee may grant a one-time extension of a time limitation up to 12 months to each employee for claiming moving and relocation expenses.

The State Comptroller may approve exceptions regarding extensions for filing for reimbursements for distance requirements and additional extensions to time limitations and any moving and relocation policy contained herein, except those related to maximum dollar amount.

Exceptions for exceeding the maximum dollar limitation require the approval of the appropriate Governor's Secretary.

### **Employee Responsibilities**

#### • **Documentation & Reasonableness**

Each employee eligible for moving and relocation expense reimbursement is responsible for obtaining original receipts and other documents that are necessary to support all claims for reimbursement.

All expenses submitted for reimbursement must be actual, reasonable, necessary, and within the guidelines of these regulations.

#### • **Timeframe**

Each designated category of reimbursement expenses should be itemized and submitted for payment within 30 days after the last expenditure is made or the last invoice is received for expenses in a given category. All claims for payment should be submitted within 30 days after the employee moves into the new permanent residence, but in no case later than 12 months after beginning employment at the new location, unless an extension is granted.

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## Reimbursement Processing Policy, Continued

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- **Breach of Tenure Agreement**

If the employee does not fulfill the twelve-month employment term specified by the tenure agreement, the total gross amount of reimbursements received by the employee and paid to third parties on behalf of the employee, plus all taxes deducted that relate to those reimbursements must be refunded on a pro-rated basis as stipulated in the *Tenure Agreement*.

Under these circumstances, the employee's gross income for tax purposes will be adjusted by the agency for the total amount refunded to the agency.

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### Agency Responsibilities

- **Reimbursement Processing**

The hiring agency reviews, approves, and properly files all vouchers and invoices claiming reimbursement or payment of moving and relocation expenses subject to these regulations and pursuant to the *Code of Virginia, Sections 2.2-815 and 2.2-2824*.

Travel vouchers can not be used for moving and relocation expense reimbursements, although they are required as a method of documenting travel related expenses.

- **Employee Reimbursement Eligibility**

Agency management must be able to substantiate the reimbursement eligibility of a new employee as a condition of employment and must retain copies of binding employment tenure and other agreements for all eligible employees.

If an employee does not satisfy the terms of the tenure agreement, the agency must collect a *pro-rated amount* the gross amount of all moving and relocation reimbursements made to that employee unless proper approval has been granted to prorate or waive repayment. This includes all reimbursement paid to the employee and third parties on behalf of the employee plus all taxes deducted that relate to those reimbursements. The employee's gross income must then be adjusted to reflect the total amount received by the agency.

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## Reimbursement Processing Policy, Continued

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- **Direct Payments To Third Parties**

Payments to common carriers (commercial moving companies) for actual carrier transportation and/or up to thirty (30) days' storage can be made through an Accounting Voucher or using the Small Purchases Charge Card by the agency.

No other third-party payments may be made for moving and relocation expenses. All other payments must be made directly through the payroll process.

- **Tax Withholding & Reporting**

Each agency must take steps necessary to account for moving and relocation expense reimbursements and payments to meet both employer withholding and employee reporting of gross income and applicable payroll taxes as defined by the Internal Revenue Service.

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## Moving and Relocation Expense Summary Process

### Overview

**Form DA-02-182, *Moving and Relocation Expense Summary***, must be submitted with each claim for reimbursement or request for payment of moving and relocation expenses, along with all required receipts.

The following table describes the expense summary submission process.

<b>Stage</b>	<b>Description</b>
1	<p><b>Form DA-02-182, <i>Moving and Relocation Expense Summary</i></b>, should be initiated by the employee who should always be aware of the status of all expense claims and payments.</p> <p>The forms must be numbered consecutively and the cumulative totals carried forward to the next report so that the latest summary reflects the aggregate reimbursement to date.</p>
2	<p>Authorized agency officers must review and the agency head must approve all summary reports.</p> <p>A sufficient number of copies of each summary report and supporting documentation must be retained by the employee and agency for both employee and employer income tax reporting.</p>
3	<p>The agency must attach the original of each summary report with all supporting original receipts and other documents to the applicable payroll or voucher.</p>

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## How to Prepare the Moving and Relocation Expense Summary Form, DA-02-182

### Introduction

The following instructions detail how to prepare the *Moving and Relocation Expense Summary*, DA-02-182, form. Attach the *Moving and Relocation Expense Summary* to the back of the related payroll or an accounting voucher being submitted.

**A blank copy of the Moving and Relocation Summary form is included in this topic.** This blank form may be reproduced, as necessary, at each agency and used for the submission of moving and relocation expenses for which reimbursement is requested.

### Steps 1 thru 29 are employee entered.

Step	Form Field Name	Action
1	Agency Code	Enter the name and code of the agency, commission, division, department, or institution for which you were employed as of the effective date of assignment or transfer.
2	Reimbursement Number	Enter the next consecutive number for this summary report. For each reimbursement, a summary report must be completed and numbered in consecutive order.
3	This is Final Reimbursement	Check YES or NO, as appropriate, whether this is or is not the final summary report.
4	Employee Name	Enter your full name.
5	Employee Number	Enter your individual employee ID number.
6	Address	If known at the time this summary report is being submitted, enter the address (Street, City, State, and Zip Code) of your new residence.

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## How to Prepare the Moving and Relocation Expense Summary Form, DA-02-182, Continued

<b>Step</b>	<b>Form Field Name</b>	<b>Action</b>
7	Date Employed	Enter effective date that the employee was assigned or transferred to the above agency at the new work location. Usually this is the first day of work at the new location.
8	Date Tenure Agreement Signed	Enter date tenure agreement was signed.
9	Total This Report	For each category, enter the gross amount of expenses. This total must agree to the related gross amount entered as the payroll or total of voucher amount being submitted for reimbursement. Attach Form DA-02-182 behind the payroll voucher or vendor's invoice being submitted for payment.
10	Total All Prior Reimbursements	For each applicable category claimed on all prior summary submissions, enter the gross amount claimed (net amount received plus applicable taxes, if any).
11	Cumulative Total	For each category add "Total Prior Requirements" to "Total This Report" and enter the cumulative total. These cumulative totals are to be carried forward to the next summary report.
12	Number of Trips	Enter the number of house-hunting trips connected with this move.
13	Number of Nights	Enter the number of overnight stays due to house hunting.
14	Dates— FROM and TO	Enter the starting and ending dates of the temporary quarters' period for which reimbursement is requested on this report.
15	Total Meal Payments for Pre-Move House Hunting and Temporary Quarters	Enter the meal costs associated with the pre-move, house hunting and temporary quarters' move.

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## How to Prepare the Moving and Relocation Expense Summary Form, DA-02-182, Continued

<b>Step</b>	<b>Form Field Name</b>	<b>Action</b>
16	Total Meal Payments Incurred During Travel From Old to New Home	Enter the meal cost associated with travel from the old to the new home.
17	Travel – mileage in excess of IRS allowable rate	Enter the amount reimbursed for travel mileage in excess of the allowable IRS deduction for moving
19	Qualified Expenses of Buying a Home	Enter only those expenses which are reimbursable as shown above in this topic's section titled <i>Expenses for Home Purchase</i> .
20	Qualified Expenses of Selling Old Home	Enter only those expenses which are reimbursable as shown above in this topic's section titled <i>Home Sale Expenses</i> .
21	Other Payments (Specify on Attached Sheet)	Enter any other payments which are subject to reimbursement per the guidelines in this topic associated with the move.
22	Subtotal of Taxable Expenses	Enter the subtotal of taxable expenses in each column.
23	Transportation—Common Carrier	Enter the expense for common carrier transportation of the employee's household goods and personal effects from the former, principal residence to the new work location.
24	Transportation Other Than Common Carrier	Enter the expenses for moving vehicle rental for the employee's household goods and personal effects from the former principal residence to the new work location.
25	Dates— FROM and TO	Enter the starting and ending dates of the storage period for which reimbursement is requested on this report.

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## How to Prepare the Moving and Relocation Expense Summary Form, DA-02-182, Continued

<b>Step</b>	<b>Form Field Name</b>	<b>Action</b>
26	Travel and Lodging Payments Excluding Meals	Enter the costs of travel and lodging payments excluding meals from old to new home. Mileage amount included should be calculated at the IRS allowable per mile deduction rate.
27	Subtotal of Non-Taxable Expenses	Enter the subtotal of non-taxable expenses in each column.
28	Grand Total	Enter the grand total of all taxable and non-taxable moving and relocation expenses in each column.
29	Signature of Employee	Employee (listed in Step 4 above) must sign in ink certifying that the information is correct and conforms with expense reimbursement agreements.
30	Date	Enter the submission date.
31	Signature of Agency Head and Date	The approving authority or designee must sign and date. See “Approvals” subsection under <i>Reimbursement Processing Policy</i> above to clarify whose signature is needed here.
32	Print Name and Title	Enter the printed name and title of the approving person signing the form.

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## IRS Reporting

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**Introduction** Applicable Federal and State laws require certain reimbursements to relocated employees to be included in the employee's gross income, and certain relocation expenses to be excluded.

Expenses which constitute qualified moving expense reimbursements under Federal guidelines should not be considered as taxable income.

Expenses which are not qualified are taxable and should be included in the employee's W-2 tax withholding statement.

Each employee is ultimately responsible for the proper reporting and tax treatment of any reimbursements to the IRS for each tax year.

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### Qualified Moving Expenses

The following information provides general guidance on the possible tax treatment of the reimbursements/payments received as a result of relocation. It is recommended that the employee consult a tax advisor or devote personal time to a detailed review of tax regulations to determine the effect upon personal income tax liability. Additionally, IRS publication 521, *Moving Expenses*, is available upon request from the IRS.

Qualified moving expenses are defined as the reasonable costs of

- (1) moving household goods and personal effects from the former residence to the new residence (this includes common carrier and in-transit storage expenses (30 day maximum)), and
- (2) travel—including lodging during the period of travel—from the former residence to the new place of residence.

Qualified moving expenses **do not** include any expenses for meals.

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### Non-Qualified Moving Expenses

The following cost do not constitute qualified moving expenses under Federal guidelines:

- Pre-move house hunting trips
- Temporary living expenses in the general location of the new job and,
- Selling or settling an un-expired lease on the former residence or the cost of buying a new residence.

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## IRS Reporting, Continued

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Qualified moving expenses **are excludable** from gross income and wages for income and employment tax purposes to the extent paid for by the agency or institution. **The reimbursement of expenses which do not constitute qualified moving expenses reimbursements under the IRS guidelines must be added to the employee's income as taxable income with the appropriate Federal and State income taxes withheld.**

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## Summary: Moving and Relocation Expense Reimbursement Limitations

**Introduction** The following table summarizes the dollar limitations associated with facets of the moving and relocation process.

<b>Item</b>	<b>Category</b>	<b>Description</b>
1	Total Reimbursement	Maximum reimbursement is limited to \$11,000 (minus Employer FICA tax), <b>excluding</b> the costs of common carrier transportation, and storage of household goods and personal effects.
2	House-Hunting Expenses	House-hunting expenses are subject to CAPP Manual Topic No. 20335, <i>State Travel Regulations</i> . Limits for meals and lodging and are shown in this CAPP Manual topic and are included in the maximum reimbursement of \$11,000 (minus Employer FICA tax).
3	Temporary Quarters	Temporary quarters are subject to CAPP Topic No. 20335, <i>State Travel Regulations</i> . Limits for meals and lodging and are shown in this CAPP Manual topic and are included in the maximum reimbursement of \$11,000 (minus Employer FICA tax).
4	Home Sale	Home sale expenses are included in the maximum reimbursement of \$11,000 (minus Employer FICA tax).
5	Transportation of Household Goods and Personal Effects	If the new employee uses common carrier transportation, the amount of actual costs is allowed <b>in addition to</b> the maximum reimbursement of \$11,000 (minus Employer FICA tax).
6	Purchase of Moving Supplies – Limit of \$200	Purchase of Moving Supplies is included in the maximum reimbursement of \$11,000 (minus Employer FICA tax)
7	Labor Used During Move – Limit of \$250	Labor used during the move is included in the maximum reimbursement of \$11,000 (minus Employer FICA tax).

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**Summary: Moving and Relocation Expense Reimbursement Limitations, Continued**

<b>Item</b>	<b>Category</b>	<b>Description</b>
8	Storage of Household Goods and Personal Effects—30 Day Limit	In-transit storage of household goods is reimbursable. The amount of actual costs is allowed in addition to the maximum reimbursement of \$11,000 (minus Employer FICA tax).
9	Home Purchase	Home purchase expenses are included in the maximum reimbursement of \$11,000 (minus Employer FICA tax).

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## Internal Control

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### Internal Control

Appointed authorities may adopt rules, policies, and procedures that are not in conflict with these regulations, as deemed necessary to properly administer these regulations with in their agencies.

Agency rules, policies, and procedures should be submitted to the State Comptroller for review before becoming effective to ensure consistency with these regulations.

Procedures to include moving and relocation reimbursements and related taxes, if any, for the employee's payroll records can be found in CAPP Manual Topic No. 50515, *Special Payments*.

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## Records Retention

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### Time Period

Copies of expenditure documents are to be maintained on file in each agency for three years. Agencies and institutions participating in Decentralization of Financial Records must maintain original expenditure documents for a period of 3 years. See CAPP Manual Topic No. 50515, *Special Payments*, for payroll-related records retention.

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## Contacts

### DOA Contact

Director, General Accounting

☎ (804) 225-2244

✉ [gacct@doa.virginia.gov](mailto:gacct@doa.virginia.gov)

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## Subject Cross References

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### References

CAPP Topic No. 20335—*State Travel Regulations*

CAPP Topic No. 50515—*Special Payments*

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## **Moving and Relocation Blank Forms: Expense Information & Tenure Agreement**

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The following pages contain the following blank forms that can be photocopied and used:

- Employee Moving and Relocation Expense Information
  - Tenure Agreement
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**EMPLOYEE MOVING AND RELOCATION EXPENSE SUMMARY FORM DA-02-182**

Agency Code: \_\_\_\_\_  
 Reimbursement Number: \_\_\_\_\_ Is this the final reimbursement? Yes \_\_\_ No \_\_\_  
 Employee Name: \_\_\_\_\_ Employee Number: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
 Date Employed: \_\_\_\_\_ Date Tenure Agreement Signed: \_\_\_\_\_

Type of Moving Expenses	Total This Report	Total All Prior Reimbursements	Cumulative Total
<b>Taxable Expense:</b>			
Pre-move travel and lodging payments excluding meals: Number of trips: _____ Number of nights: _____			
Temporary quarters travel and lodging payments From: _____ To: _____			
Total meal payments for pre-move house hunting and temporary quarters			
Total meal payments incurred during travel from old to new home			
Travel – mileage in excess of IRS allowable rate			
Qualified expenses of buying a new home			
Qualified expenses of selling old home			
Other payments (Specify on an attached sheet)			
<b>Subtotal Taxable Expenses</b>			
<b>Non-Taxable Expenses</b>			
Transportation-Common Carrier			
Transportation other than Common Carrier (Moving vehicle rental)			
Storage (max 30 days) Date From: _____ To: _____			
Travel and lodging payments excluding meals for move from old to new home (mileage at IRS allowable rate)			
<b>Subtotal Non-Taxable Expenses</b>			
<b>Grand Total</b>			

**Certification Statements:** I certify that the expenses were incurred by me while moving and relocating at the request of the above cited agency of the Commonwealth of Virginia.

**Signature of Employee:** \_\_\_\_\_ **Date:** \_\_\_\_\_

I certify that the expenses were incurred in an employee relocation requested by the Commonwealth of Virginia and do not exceed the requirements set forth in the DOA moving and relocation expense regulations. Written approval for reimbursement above normal established limits is attached.

**Signature of Agency Head:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Print Name:** \_\_\_\_\_ **Title:** \_\_\_\_\_

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### TENURE AGREEMENT

This is an agreement entered on \_\_\_\_\_ for the payment of employee moving and relocation expenses of \_\_\_\_\_ who has accepted employment with the \_\_\_\_\_.

1. In order to assist the Employee in meeting the extraordinary expenses of moving and relocation and as a further inducement to accept employment, the Department agrees to reimburse the Employee for moving and relocation expenses in accordance with the *Commonwealth of Virginia Moving and Relocation Regulations* issued by the Office of the Comptroller in effect on the date of this agreement.
2. In consideration of the Department's offer to reimburse moving and relocation expenses, the Employee agrees to remain in the employ of the Department for period of twelve (12) months beginning \_\_\_\_\_.
3. The Employee further agrees that in the event the Employee does not remain in the employ of the Department as a full-time employee for the full twelve-month period, the Employee will repay to the Department a *pro-rated amount of the* gross reimbursement for moving and relocation expenses, including actual money plus related payroll taxes withheld by the Department, whether received directly by the Employee or paid to third parties on the Employee's behalf. The amount to be repaid shall be prorated on a monthly basis such that for each full month during which the Employee remained in the employ of the Department, the amount to be repaid shall be reduced by one-twelfth (1/12) of the gross reimbursement. The Department, in its sole discretion and with the recommendation of the Agency Head, may waive repayment if the Employee is separated for reasons beyond the Employee's control, but termination for standards of conduct violations shall not be deemed to be a reason beyond the Employee's control. Repayment will not be required if termination at the election of the agency due to unsatisfactory job performance or as a result of a layoff.

In witness to this agreement, the parties execute their acceptance of its terms by affixing their signatures below.

Employee \_\_\_\_\_

For the Department \_\_\_\_\_

Date \_\_\_\_\_