

	AP 109
	Relocation Expense Reimbursement
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	Approved By: Associate VP Finance & Controller
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Purpose

The policy will provide guidance on the required approvals and documentation necessary for processing relocation expense reimbursements to ensure the proper use of Illinois Institute of Technology (IIT) resources and compliance with the rules and regulations of the Internal Revenue Service (IRS). IIT does not, as a matter of practice, pay relocation expenses for all employees. Decisions regarding reimbursement of relocation expenses are made on a case-by-case basis and require the approval of the President, Provost or VP Finance, CFO and Treasurer. Employees will be taxed on all relocation expenses whether reimbursed or paid on their behalf.

Policy Details

IRS guidelines for moving expense reimbursement require that all three of the following requirements are met:

- ***The employee’s move is closely related*** - The employee’s move is closely related in terms of both time and place to the start of work. In most cases, moving expenses incurred within 1 year from the date an employee first reported to work at the new location is acceptable. In addition, the distance from the employee’s new home to the new job location is not more than the distance from the employee’s former home to the new job location.
- ***Distance test*** – The employee’s new main job location is at least 50 miles farther from the employee’s former home than the employee’s old main job location was from employee’s former home.
- ***Time test*** –The employee must work full time for at least 39 weeks during the first 12 months after the employee’s arrive in the general area of the employee’s new job location.

As an initial matter, IIT will only consider reimbursing employees for relocation expenses if the foregoing IRS requirements for relocation (moving) expenses have been met.

IIT may reimburse the new faculty or staff member for moving and relocation expense not to exceed one-twelfth of the new person’s annual salary rate.

Employees must submit the requisite reimbursement form to the Controller’s Office within 60 days of incurring the expense.

The following expenses will be reimbursed by IIT and are taxable to the employee:

- Packing, crating, and transporting the employee’s household goods and personal effects and

those of the members of the employee's household from the employee's former home to the new home.

- Cost of connecting or disconnecting utilities required because the employee is moving his/her household goods, appliances, or personal effects.
- Cost of shipping the employee's car and household pets to the new home.
- If the employee uses his/her car in connection with the move, actual vehicle expenses such as for gas and oil provided the employee keeps and provides an accurate record of each expense or the IRS standard mileage rate.
- Parking fees and tolls paid in connection with the move.
- Cost of storing and insuring household goods and personal effects within any period of 30 consecutive days after the day the employee's things are moved from the former home and before they are delivered to the new home.
- Cost of transportation and lodging for the employee and his/her household members for one trip per person while traveling from the former home to the new home.

The following relocation expenses may be reimbursed if funds are available in the department or college budget. Any reimbursements made for these expenses are taxable to the employee.

- Pre-move house hunting expenses.
- Temporary housing/living expenses.
- Cost of reasonable meals at any point in the relocation process. IIT will use federal per diem rates, unless actual receipts are provided.
- All or a portion of the expenses incurred with the buying or selling of a home.
- Expenses of entering into or breaking a lease.
- Home improvements to help sell home.
- Mileage reimbursement in excess of IRS rate.
- Losses from disposing of memberships in clubs.

Items that will not be reimbursed by IIT include, but are not limited to the following:-

- Any part of the purchase price of the employee's new home.
- Car tags.
- Drivers license fees.
- Real estate taxes.
- Loss of security deposits.
- Apartment lease cancellation charges.
- Storage charges except those incurred in transit.
- Return trips to the employee's former residence.
- Loss on sale of the employee's former home.
- Mortgage penalties.
- Refitting of carpet and draperies.
- Alcoholic beverages.

Procedures

In order to receive reimbursement for moving expenses, the employee must complete an Employee

Travel and Expense Report within 60 days of incurring the expenses.

Documentation is required for the reimbursement of all moving expenses and should be taped to an 8 and ½ by 11 sheet of paper that is attached to the report. Itemized receipts for meals should be provided so that food and beverages are easily identified. This report and related instructions can be found on the Controller’s website under Accounts Payable called “Travel and Business Expense Reimbursements” and “Travel and Business Expense Instructions”.

Guidelines

This policy is governed by the rules and regulations set forth by IRS publication 521, “Moving Expenses” and modified by the Tax Cuts and Jobs Act (TCJA), Sec. 1405. TCJA requires that all relocation expenses are taxable to employees if reimbursed or paid on their behalf.

References

None.

Responsibilities

Departments – Provide approved Moving Expense Report and Employee Travel and Expense Report with required supporting documentation to the Controller’s Office within 60 days of incurring the expenses.

Controller’s Office Staff – Review forms to ensure IRS rules and regulations have been met and that all required approvals and documentation to support the release of University funds is provided.

Required Forms

Employee Travel and Expense Report
Instructions to Employee Travel and Expense Report