

Relocation Expense Reimbursement

Employees that have been offered Relocation Expense Reimbursement as part of their employment with DePaul University should follow the steps outlined below.

Instructions for Relocation Expense Reimbursement:

1. Refer to your offer letter for specific relocation expenses that will be reimbursed by the university.
2. Complete the Relocation Expense Reimbursement Form and attach original receipts.
3. Be certain to complete the distance test portion of the Moving Expense Reimbursement form. If this section is not completed the entire amount reimbursed will be treated as taxable and included in your W-2 as taxable income for the year.

Turn your completed Relocation Expense Reimbursement form and original receipts into the dean's office (if faculty) or your department (if staff). During processing, the expenditures will be reviewed by the Payroll Office and classified as non-taxable or taxable.

NON-TAXABLE and TAXABLE Moving Expenses

- **Non-Taxable** relocation expense reimbursements will not be included as taxable wages, but will be included on the employee's W-2 in box 14 (Other).
- **Taxable** relocation expense reimbursements will be included as taxable wages in box 1 (Wages, tips and other compensation), 3 (Social Security Wages), 5 (Medicare Wages), and 16 (State Wages, tips, etc.) of the employee's W-2. Appropriate taxes will be withheld from the reimbursement.

NON-TAXABLE - relocation reimbursement expenses that are non-taxable must first pass an initial test. The relocation expenses are non-taxable if they are closely related to the start of work at a new job location and they meet both the **DISTANCE** and **TIME** tests.

- **DISTANCE TEST** - this is met if the distance between the NEW JOB and the OLD HOME is 50 miles more than the distance between the OLD JOB and the OLD HOME. For example: if old home was 3 miles from the old job, the new job must be 53 miles or more from the old home.
- **TIME TEST** - you must work full-time for at least 39 weeks during the first 12 months after you arrive.
- If these tests are met, the reimbursement expense is non-taxable. In accordance with IRS Publication 521, "Moving Expenses," available on the internet at <http://www.irs.gov/pub/irspdf/> the following moving expenses are tax deductible and therefore will not be included in the employee's taxable wages:
 - Van-line charges to move from the old location to the new location,
 - Lodging expenses for the **FINAL** trip to the new location,

- Transportation expenses for the **FINAL** trip to the new location. If travelling by car this includes a reimbursement for actual expenses such as gas and oil, or a reimbursement at the IRS current standard mileage rate. (The rate as of January 2009 is 55 cents per mile.)
- **TAXABLE** - taxable reimbursements will be included in the employee's taxable wages, and in 1(Wages, tips and other compensation), 3(Social Security Wages), 5(Medicare Wages), and 16(State Wages, tips, etc.) of the employee's W-2. Therefore, all appropriate taxes will be withheld from the reimbursement. Publication 521 lists several expenses that are not deductible. Although this is not explicitly stated, the list (below) should be considered to be an “including, but not limited to” list.
 - Any part of the purchase price of the new home
 - Automobile tags
 - Driver’s licenses
 - Expenses of buying or selling a home
 - Expenses of getting or breaking a lease
 - Home improvements to help sell the former home
 - Loss on the sale of the former home
 - Losses from disposing of memberships in clubs
 - ***Meal expenses***
 - Mortgage penalties
 - ***Pre-move house hunting expenses***
 - Real estate taxes
 - Refitting of carpets and draperies
 - Security deposits (including any forfeited due to the move)
 - Storage charges except those incurred in transit
 - Temporary living expenses