Under the Tax Cuts and Jobs Act of 2017, the personal deduction for relocation expenses and the exclusion from income of employer-paid relocation expenses are suspended from January 1, 2018 through December 31, 2025. As a result, all moving expenses reimbursed to an individual or paid to a vendor on behalf of an individual are taxable income to the individual.

I. General Rules for Relocation Expenses

II. Definitions

III. Procedures for Relocation Expenses

IV. Tax Reporting of Relocation Expenses

I. General Rules for Relocation Expenses

- Any expenses a department agrees to pay and for which the appropriate departmental approvals have been obtained are allowable under these guidelines. However, departments should use discretion in determining what type of expenses to reimburse/pay for relocation.

  o Types of relocation expenses
    - The following list of relocation-related expenses is provided as a general guideline for what are deemed “reasonable” and “unreasonable” relocation expenses.
      - Expenses commonly associated with relocation include, but are not limited to:
        - Travel of household members to the new location. The cost of traveling from the former home to the new home should be by the shortest, most direct route available by conventional transportation. It does not include return trips or multiple trips between the former home and the new home;
        - Moving company, including loading and transport;
        - Moving truck or van rental and related fuel charges;
        - Transportation of vehicles;
        - Temporary storage of household items (30 days or less);
        - Mileage incurred on the employee’s vehicles for transportation to the new location. When reimbursing employee relocation mileage expenses, departments may use any rate deemed reasonable. In the past, the determination of the value of the relocation rate by the IRS was consistent over time with the medical mileage rate. As a best practice, it is recommended that the medical mileage rate in effect at the time of the move be used. However, note that regardless of rate used, all relocation mileage reimbursements are taxable income to the employee.
          - Mileage rates are available at: https://financialservices.wustl.edu/wfin-topic/expenses/mileage-rates/reimbursement-rates/.
      - Expenses that are generally considered beyond the scope of relocation expenses include, but are not limited to:
        - Trips between the old home and the new, other than the actual move to the new residence;
- Any expenses of buying or selling a home (including home improvements, loss on the sale, real estate taxes, any part of the purchase price of a new home, closing costs, mortgage fees, inspections, et al);
- Expenses of entering into or breaking a lease;
- New state registrations (including car tags, driver’s licenses, occupancy permits, et al);
- Long term storage charges (greater than 30 days).

- Relocation expenses may be paid to third-party service providers via PO, CR or Procurement Card or reimbursed directly to the individual.
  - Note, however, that expenses paid on behalf of the employee are still taxable to the employee under IRS relocation rules. As a result, payment to third parties must be reported as relocation expenses and will be included in the employee’s wages. See Procedures for Relocation Expenses below for how to report.
  - At the hiring department’s discretion and cost, taxes owed by the employee on third party payments may be reimbursed. Reimbursement of taxes owed is also known as “grossing up.” Contact the Payroll department for assistance with the calculation of the gross up amount.
- Relocation expenses do not include relocation bonuses for which no receipts or substantiating documentation is required by the department. See Definitions section below.
- Relocation expenses include moving expenses and house hunting expenses. They do not include recruiting expenses or business travel expenses. See Definitions section below.

### II. DEFINITIONS

- **Relocation bonus**
  - At the hiring department’s discretion, it may choose to offer a new employee a predetermined amount to cover relocation costs, rather than reimburse for expenses actually incurred. Relocation bonuses must be paid through payroll and are subject to all applicable payroll taxes. If you need assistance with determining an appropriate amount for a relocation bonus, please contact the Compensation Department in Human Resources.

- **Moving expenses**
  - Moving expenses include all expenses incurred to physically move all household objects, including plants and pets, from the old home to the new home.
  - Moving expenses also include all expenses incurred for all household members to physically move from the old home to the new home.
    - Household members include family members who were residents of the old home that are also moving to the new home.

- **House hunting expenses**
  - House hunting expenses include all expenses related to visiting the St. Louis area after an offer of employment has been accepted for purposes of searching for a residence, familiarizing with the area, visiting schools, et al.
  - House hunting expenses do not include business travel or recruitment travel expenses.

- **Business travel expenses**
Business travel includes visits to the university after an offer of employment has been accepted for purposes of meeting with university staff, setting up a laboratory or office, or other business-related activities.

Business travel is only for future employees. When the employee is accompanied by a spouse or other family members, the portion of travel expenses incurred for the family will be treated as house hunting expenses.

- **Recruiting expenses**
  - Recruiting expenses include travel expenses incurred to bring job candidates to the university for interviews.
  - Recruiting expenses include travel expenses incurred by the candidate that are directly related to the interview itinerary.
  - Recruiting expenses include travel expenses incurred by the candidate’s accompanying spouse to the extent that the activities of the spouse are directly related to the interview itinerary.
  - Recruiting expenses do not include personal expenses.
    - Examples of personal expenses include, but are not limited to:
      - Travel expenses of additional family members (other than the spouse);
      - Sightseeing expenses;
      - Hotel accommodations for periods longer than reasonably necessary for the interview itinerary.
  - Recruiting expenses do not include expenses incurred once a candidate has accepted an offer of employment, regardless of start date.
    - Expenses incurred once a candidate has accepted an offer of employment must be classified and substantiated as either:
      - Relocation expenses (including moving and house hunting expenses) or
      - Business expenses.
  - Reimbursements of recruiting expenses incurred in accordance with the guidelines above are nontaxable expenses.
  - **ALERT!** Nontaxable recruiting trips will generally be limited to two (2) per candidate as per IRS guidelines. If the department believes that additional recruitment visits may be required, please contact the Tax Department prior to making additional arrangements as exceptions to the rule must be well-documented to be supportable under IRS examination.

### III. PROCEDURES FOR RELOCATION EXPENSES

All relocation expenses, whether reimbursed to the employee or paid directly to vendors, must be reported to the Tax Department on the [Relocation Expense Form](#) after the individual’s appointment in HRMS.

**Relocation Expense Form:**
- All relocation expenses must be reported on a Relocation Expense Form.
This includes all payments and requisitions coded to subclass object codes:
- 3552 – Relocation Expense
- 3593 – Other Moving Expenses
- 3652 – Relocation Travel
- 3676 – Pre-Move Expense

- Departments may require receipts, whether originals or copies, in order to substantiate expenses incurred. However, only copies of receipts should be submitted with the Relocation Expense Form. Copies of receipts submitted with the Relocation Expense Form are for substantiation of expenses incurred only. The Tax Department will not review for mathematical correctness. It is the hiring/paying department’s responsibility to ensure the accuracy of amounts reported.

- Relocation expenses for any one individual may be submitted on a single form or multiple forms.
  - It is the hiring/paying department’s responsibility to track total relocation package costs.

- Completed Relocation Expense Forms should be sent to the Tax Department at Campus Box 1034 or taxdepartment@wustl.edu.
  - Forms must be signed by all individuals indicated but originally signed forms are not required to be sent to Tax.

**Third Party Payments:**
- All FIS documents for third party relocation expense payments (POs, CRs, RPs, et al) must include the following:
  - Individual’s full name
  - Individual’s position
  - Individual’s anticipated start date
  - Individual’s WU EMPLID, if already issued
    - In the event the EMPLID has not yet been issued, the hiring department must provide the Tax Department with a valid US taxpayer identification number (SSN or ITIN) prior to document approval.
    - SSN’s and ITIN’s should **not** be visible on the FIS document.

- Direct payments made to vendors on behalf of employees **must be reported on a Relocation Expense Form**.

- Direct payments made to vendors on behalf of employees are taxable and will be included on the employee’s Form W-2.
  - This means that there will be additional withholding taxes deducted from the employee’s paycheck.
  - Reporting these payments as soon as possible after the appointment date will allow for handling the additional tax withholding as fairly as possible for the employee.

**Reimbursements Prior to Date of Appointment**
Payments for relocation expenses are made to and for individuals who have accepted an appointment at Washington University. Commencing employment or other appointment is deemed a criterion for receiving such a benefit. Therefore, reimbursements prior to the date of appointment
are highly discouraged. When necessary to reimburse prior to appointment, the Waiver for Advance Payment must be completed. The waiver is available at: https://financialservices.wustl.edu/forms/. Under no circumstances will a reimbursement be made prior to appointment if the reimbursement amount is less than $2,000 or within 60 days prior to the appointment date. Contact the Tax Department at taxdepartment@wustl.edu for more information about reimbursements prior to appointment.

### VI. TAX REPORTING OF RELOCATION EXPENSES

- **Employees**  
  - If the individual is an employee, all amounts will be reported on the individual’s Form W-2, boxes 1, 3, and 5.

- **Non-employees**  
  - If the individual is a non-employee and not a student or stipend recipient, all amounts will be reported on a Form 1099-MISC.

- **Students/Stipend Recipients**  
  - If the individual is a student/stipend recipient and is a US person for tax purposes, amounts will be included on the student’s stipend tax letter.
  - If the individual is a nonresident alien student/stipend recipient, amounts will be reported on Form 1042-S and may be subject to withholding.