

Title/Subject: **MOVING EXPENSE**

Applies to: faculty staff students student employees visitors contractors

Effective Date of This Revision: February 1, 2015

Contact for More Information: Faculty Personnel Services/Human Resources/Payroll

Board Policy Administrative Policy Procedure Guideline

BACKGROUND:

Reimbursement of moving expenses is intended to be used as a recruitment tool to assist in attracting qualified candidates to Central Michigan University and minimize inconvenience for new faculty and staff.

PURPOSE:

The purpose of this policy is to provide members of the CMU community a consistent set of guidelines, which state the terms of eligibility for reimbursement of moving expenses. The policy also has the purpose of stating specific procedures that must be followed in order to obtain reimbursement.

DEFINITIONS:

Senior Manager: senior officers and directors who report directly to a Vice President/Provost or the President.

POLICY:

All new employees hired into benefit eligible positions may be eligible for reimbursement of moving expenses.

Moving expenses are subject to a maximum amount. Senior Officers are allowed up to a maximum of \$10,000; all eligible Faculty and Staff are allowed the equivalent of one-month's base wage, up to a maximum of \$7,500. Any exception to these amounts must be approved in advance by the appropriate Senior Manager.

The reimbursement amount of moving expenses (up to the maximum allowed) must be agreed upon in advance, between the hiring manager and the prospective employee, during employment negotiations and prior to the expense being incurred. The hiring manager is responsible for making sure that the Senior Manager is in agreement with offering moving expenses as part of the job offer.

The agreed upon dollar amount for the cost of moving expenses must be communicated with Faculty Personnel Services or Human Resources and stated in the official appointment letter. If for any reason moving expenses end up being higher than expected and the hiring manager wants to reimburse the employee more than the amount included in the appointment letter, it must be approved by the Vice President.

Moving expenses are funded from departmental resources.

Authority: George E. Ross, President
History: 01-01-2005, 02-01-2010
Indexed as: Employees Moving Expense; New Employees Moving Expense

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Moving expenses are only reimbursed for eligible employees who relocate to a CMU work location from outside a 50 mile radius of that CMU work location. Reimbursement of moving expenses must occur within a one-year period of date of hire.

Determination of taxable and non-taxable moving expense reimbursements are dictated by the Internal Revenue Service and can be viewed at www.irs.gov publication 521 or identified in other areas of this policy.

PROCEDURE:

Employees are encouraged to seek bids from several different moving companies. The university has agreements with ~~two~~ a number of national moving firms that give CMU employees preferred rates. These rates are available to the employee whether or not the University pays for the cost of moving expenses. Information about contacting these two firms can be located on Contracting and Purchasing's website. For intrastate moves, two or three bids are recommended. Not all moving expenses are reimbursable.

Reimbursement Procedures

There are two separate procedures available for handling expenses incurred in moving household goods to a CMU work location.

1. **The Non-Purchase Order (NPO) Procedure** can be used when a moving company has been contracted to assist in the move.
 - a. At least two weeks prior to the intended move, the prospective employee should work to identify a pre-approved company (see pre-approved companies on Contracting and Purchasing's website under Purchasing – Relation/Moving). The prospective employee shall provide the hiring department with the name of the moving company and the quoted price. The hiring department will then send a form letter (located on Contracting and Purchasing's website) to the Director of Contracting and Purchasing Services (Warriner 301) for signature. The Director will forward the letter to the moving company, indicating the University's agreement to pay up to a maximum dollar amount (as stated in the appointment letter) toward moving expenses, and copy in the hiring department.
 - b. The prospective employee is responsible for directly paying the moving company for any expenses in excess of the stipulated maximum allowance. The moving company will bill the University for up to the allowable maximum amount. Questions regarding direct payments with the moving company shall be directed to the hiring department. Although the payment is made directly to the moving company, the employee (not the university) remains responsible for negotiating and contracting with the moving company. In the event a dispute arises between the moving company and the employee, responsibility for resolving the matter rests solely with the employee.
2. **The Reimbursement Procedure** can be used when the employee pays all expenses connected with the move to the CMU work location.
 - a. After the move is completed, the employee needs to submit an employee reimbursement voucher detailing expenses with all itemized original receipts* to her/his supervisor. The reimbursement voucher can be submitted up to 45 days prior to her/his start date at CMU. The employee's supervisor must approve the voucher and forward it to the Payroll & Travel Services Office (Warriner 204) along with a copy of the employee's appointment letter.
 - b. The reimbursed amount is directly deposited into the employee's bank account; therefore, the employee must complete the direct deposit form for employee reimbursements to occur. Both the direct deposit and the employee reimbursement voucher can be found on Payroll and Travel's website. The University will not pay amounts in excess of the maximum allowance stipulated in the appointment letter, unless approved by the Senior Manager.

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*Original itemized receipts are required for charges for lodging, tolls, and parking (excluding metered parking which must be indicated on the travel report). Receipts are not necessary for meal expenses, although reimbursement will be limited to the maximum allowable per diem amount. Mileage is reimbursed for one-way trip only at the standard rate in effect at the University. Reimbursed mileage in excess of the IRS Publication 521 standard rate per mile will be taxed. Any taxable moving expenses will be included in the employee's taxable income and taxed (this includes Federal, State and FICA tax) on the first pay following the reimbursement of the moving expenses.

REIMBURSEABLE MOVING EXPENSES

Non-Taxable Moving Expenses (as determined by the IRS) are:

1. Expenses limited to moving household goods and personal items, storing and insuring household and personal effects for a single consecutive 30-day period; and/or
2. Expenses limited to transportation and lodging (not including meals) while traveling from the former home to the new home (including the day of arrival).
 - a. **Travel by car (or other vehicle):** If an eligible employee uses a car to transport her/himself, members of her/his household or personal artifacts to a new residence, reimbursement for expenses may be made by deducting either (1) or (2) below but not both:
 - 1) **Actual expenses**, such as gas and oil for the car, as reflected by a detailed record of each expense (this does not include any maintenance expenses for the car),
 - or**
 - 2) The **standard mileage** rate in effect at the University at the time of the move. Any amount reimbursed over the allowable standard moving mileage rate, per IRS Publication 521, will be taxed.
 - b. **Other Travel** (i.e. Boat, Train, Plane): One way transportation expenses for employee and her/his immediate family members are reimbursable.

Non-taxable moving expense payments must also meet the following conditions:

1. The new CMU work location is at least 50 miles from the employee's former home.
2. The expenses are incurred within one year from the date the individual begins work and are properly submitted for payment/reimbursement within 90 days of being incurred.
3. The new employee must be hired into a benefit-eligible position and the department must expect the employment relationship to last a minimum of 39 weeks during the 12 months following date of hire.
4. In accordance with IRS regulations, "non-taxable" moving expense payments made directly to the employee must be noted on Form W-2 (box 12, Code P); however, these expenses are not reported as wages and are not subject to income tax withholding.

Taxable Moving Expenses (as determined by the IRS) are:

All other moving expenses such as meals for the employee, house hunting, temporary living expenses and storage charges (except those incurred in transit for foreign moves) are taxable and subject to withholding of income tax and FICA/Medicare

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tax, and will be reported on the employees Form W-2. Current tax information may be obtained by calling the Payroll office at (989) 774-3481.

NON-REIMBURSEABLE MOVING EXPENSES

CMU has identified several non-reimbursable expenses that may be incurred prior to or during relocation:

- Any part of the purchase price of your new home
- Car tags
- Driver's license
- Expenses of buying or selling a home
- Expenses of getting or breaking a lease
- Home improvements to help sell your home
- Loss on the sale of your home
- Losses from disposing of memberships in clubs
- Mortgage penalties
- Real estate taxes
- Refitting of carpets and draperies
- Security deposits
- Cleaning supplies for your old or new residence
- Maintenance or repairs for a vehicle
- Meals for family members

*Central Michigan University reserves the right to make exceptions, modify or eliminate this policy.
This document supersedes all previous policies, procedures and directives relative to this subject.
Please refer questions or concerns to the Originating Department*