**Moving/Relocation Expenses Policy**

As part of Indiana State University’s commitment to recruiting the most qualified candidates, the University may provide monetary assistance and reimbursement for certain expenses associated with the relocation of new employees and their families to the Terre Haute area.

These policies and procedures set forth guidelines to ensure that university funds allocated toward recruitment and relocation are appropriately approved by the hiring department and processed in compliance with University policies and Internal Revenue Service (IRS) requirements.

**Policy Details**

**Eligibility and Authorization**

- IRS guidelines for reimbursement require that the distance between the old home and the new place of work be at least 50 miles greater than the distance between the old home and the old place of work.
- The hiring department will be responsible for the reimbursement of eligible moving expenses and should meet the guidelines in this policy.
- The University president, vice presidents and deans are authorized to decide whether to offer moving expenses on a case-by-case basis up to the limits set forth in this policy.
- The principal individual being relocated will be a regular, full-time employee.
- The move should take place within 12 months of the employee’s start date.

**Covered Expenses**

Reasonable relocation expenses, up to 8% of the employee’s base salary or $15,000, whichever is less, may be reimbursed in accordance with IRS guidelines. However, the University president, vice presidents and deans have the authority to set a “not to exceed” lower limit. All exceptions to this policy must be approved in advance by the appropriate Vice President or by contract negotiated by ISU Board of Trustees. These rates are subject to annual review and may be adjusted based upon changes in business conditions. The Vice President for Business Affairs and Finance will be authorized and responsible for adjusting these rates after consulting with the University President.

Any approved relocation expenses and payment options should be negotiated with the new employee during the hiring process. The letter of offer should specify the payment option selected and define the maximum amount. A copy of this policy should also accompany all employment offers where the University is agreeing to provide moving assistance.
Allowable reimbursements by the University may have tax consequences for the employee. All relocation reimbursements will be reported on the employee’s W-2. Expenses considered qualified by the IRS will be shown as an excludable moving expense reimbursement and is reported on the W-2 as informational reporting only. Expenses considered nonqualified by the IRS will be considered taxable income and will have taxes withheld in the earliest pay periods available. More information on the IRS guidelines for reimbursement of moving/relocation expenses may be found at www.irs.gov. Employees are encouraged to consult with a personal tax professional for advice on the tax implications of any moving reimbursements.

As with all contract or grant funds expenditures, it is the responsibility of the Principal Investigator to guarantee that all expenditures are made in accordance with all applicable contract or grant restrictions. In considering incurring expenses such as those addressed in this policy, PI's should keep in mind that the more restrictive policy/contract terms or budget (ISU vs contract/grant) will prevail.

### Qualified (Non-taxable) Moving Expenses

Items that may be reimbursed and not included in taxable income on the employee’s W-2 are:

1. Transportation of household goods and personal effects:
   a. Cost of moving company (the cost of using a moving company may be direct-billed to ISU and paid directly to the moving company by ISU)
   b. Cost of truck rental in a self-move situation
   c. Mileage reimbursement in a self-move situation, at the current rate established by the IRS, parking fees, and tolls.
   d. Charges for packing, crating, mailing and/or shipping household goods; and other misc packing supplies
   e. Insuring of household goods for full value.
   f. Car shipping cost or towing device for rental truck to tow personal vehicle (cost in lieu of mileage)
   g. Storage after moving out of old residence and before moving into the new residence (30-day limit)

2. Travel to new household:
   a. Airfare (coach only)
   b. Lodging only while in transit (this includes one night at the old location and one night upon arrival at the new location.)
   c. Mileage reimbursement at the current IRS established rate.
   d. Parking fees and tolls while in transit
   e. You are allowed only one trip to your new home for yourself and the members of your household; however, you do not have to travel together. Traveling by shortest, most direct route available by conventional transportation. Any side trips would not be qualified.
Nonqualified *(taxable)* Moving Expenses

Nonqualified moving expenses are considered additional compensation to the new employee and must be processed through the payroll process. Below are examples of taxable, nonqualified moving expenses that will be reported as federal wages on the employee’s W-2:

1. Travel and lodging costs incurred during additional trips from the old residence to the new residence.
2. Cost of meals at any point in the relocation process. (based on current federal per diem rates for meals and incidental expenses)
3. House hunting expenses (one trip, not to exceed five days) may include:
   a. Mileage reimbursement at the current IRS established rate.
   b. Lodging
   c. Airfare (coach only)
   d. Rental car (economy); in certain circumstances a larger vehicle may be rented with documented advance University approval.
   e. Tolls, taxi, or parking
   f. Temporary housing

Non-Reimbursable Expenses

Expenses that do not qualify as moving and are not paid by the university include:

1. Side trips for recreation/vacation
2. Expenses associated with buying/selling a house (i.e. closing, realtor fees, etc)
3. Automobile registration costs
4. Temporary housing (more than one month)
5. Loss of security deposits
6. Real estate expenses

Payment/Reimbursement

An employee may either have eligible moving/relocation expenses direct billed to Indiana State University and/or apply for reimbursement of covered expenses up to the authorized amount as specified in the employee’s appointment letter.

Direct Payment

ISU can make direct payments to moving companies as long as the payment being made is for the transportation of a new employee’s household goods and personal effects. Arrangements to contract with a moving company that is going to be direct billed must be approved in advance by the Director of Purchasing. ISU reserves the right to require multiple bids from moving contractors.
Reimbursement

Reimbursement of eligible moving/relocation expenses will be made upon arrival of the employee. Please include the new employee’s former home address, former work address and provide required receipts and signatures on the check request. Once the reimbursement is reviewed and classified as taxable or non-taxable on the *Indiana State University Employee Moving Expense Reimbursement Worksheet*, the employee will need to sign and return the worksheet to the Controller’s Office.

Tax Officer Consultation

If any moving expense reimbursements are contemplated that are not addressed above or you need additional guidance, please contact Hope Waldbieser, University Tax Compliance Officer, hwaldbieser@indstate.edu