

UNIVERSITY OF WYOMING

Tax Office

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Moving Expenses

To determine if reimbursed moving expenses are taxable or nontaxable, you have to first determine if the move meets the requirements of a deductible (nontaxable) move. Once this determination is made and it is determined that the move is a nontaxable move, then the type of expenses being reimbursed need to be reviewed to determine the taxability of each type of reimbursement. If accountable plan rules are not met, nontaxable moving reimbursements may end up being treated as taxable reimbursements.

Step 1

All of the following requirements must be met for the move to be a nontaxable move and to move on to step 2 and determine the taxability of each reimbursable expense.

- The move must occur within 1 year of accepting a new job in a new location.
- Distance test: Distance from prior home to new workplace must be 50 miles more than the distance from the prior home to the prior workplace. Example: Prior home to prior workplace is 3 miles. Prior home to new workplace must be more than 53 miles to meet the distance test.
- The new employee must work at least 39 weeks in the first twelve months at the new job.

If any of the above criteria cannot be met, please contact the tax office for a determination on the taxability of the move.

Step 2

A determination of the taxability of each expense being reimbursed must be made.

The following types of reimbursements are **generally nontaxable**.

- Cost to move household goods and personal effects
- Reasonable travel costs to get to your new home. This does not include meals. **Meal reimbursements are always taxable.**
 - o Travel is generally nontaxable for one trip from the old home to the new home for the employee and each household member. These trips do not have to occur at the same time (if employee comes first and family comes later, reimbursement of family is still nontaxable.)
 - o Travel reimbursements can include lodging for the day prior to moving and the day of arrival.
 - o Travel by car can be reimbursed using actual expenses for gas and oil only or by the standard mileage rate. If actual expenses are reimbursed, reimbursements for anything other than gas and oil are considered taxable. **The standard mileage rate for moving for 2014 is \$.235 per mile.** Any reimbursement over this amount is considered taxable.

Nontaxable reimbursements continued:

- Reimbursement of parking fees and tolls related to the move are generally nontaxable.
- Costs of connecting or disconnecting utilities.
- Costs of shipping cars and pets.
- Costs to store household good and personal effects for up to 30 consecutive days.

If a reimbursement is being paid for something other than the items listed above, it will likely be considered a taxable reimbursement. If in doubt about the taxability of the reimbursement, please contact the tax office.

Accountable Plans

For reimbursements to fall under an accountable plan, **the following three rules must be satisfied:**

- The reimbursement has to be made to an employee or future employee.
- The employee must generally provide receipts to UW within 60 days of incurring the expense.
- Any excess reimbursement must be returned to UW by the employee within 120 days. If it is not returned or accounted for with receipts, it becomes a taxable reimbursement.

For additional details on moving expense reimbursements please contact the tax office. The above information is summarized from IRS Publication 521, Moving Expenses which can be found at <http://www.irs.gov/pub/irs-pdf/p521.pdf>