

Relocation Expenses for Newly Hired or Transferred Faculty and Staff

Note: Any dollar amount stated within this policy refers to the “gross” amount prior to any taxes or withholding.

A. General

To effectively recruit quality faculty and staff, the University of Kentucky may reimburse newly hired or transferred employees for certain expenses incurred for relocation, house-hunting, and/or temporary housing, dependent on department/college funding. Departments will work with the employee to determine the maximum amount(s) to be allowed for relocation, house-hunting, and/or temporary housing and these amounts are to be included in the letter of offer to the employee. A copy of the letter of offer must accompany the appropriate University forms when payment is processed.

B. House-Hunting Allowance

An allowance may be provided by the department to cover house-hunting expenses. The department shall determine the maximum amount of reimbursement for house-hunting expenses and state this amount in the letter of offer. Reimbursement will be made in the form of a cash payment through the University’s payroll system, which is subject to withholding of applicable income and employment taxes. This payment will be reported as taxable wages on the employee’s W-2 Form.

In order for the department to pay the house-hunting allowance, the new employee’s hiring information must exist in SAP. The department shall create an additional payment in SAP to pay for house-hunting. The SAP Business Process Procedures document for additional payments may be found at http://www.uky.edu/IRIS/HR/documents/PERSONNELADMINISTRATIONACTIONSection_004.pdf

For questions, contact the Payroll Office and/or the Compensation Office in Human Resources.

C. Temporary Housing Expenses

Employees may choose one of the following options for payment/reimbursement of temporary housing expenses:

1. Option 1 – Cash Allowance

An allowance, not to exceed \$1,500 per month for a maximum of 2 months, may be provided by the department to cover temporary housing expenses. The department shall determine the maximum amount of reimbursement for temporary housing and state this amount in the letter of offer. Reimbursement will be made in the form of a cash payment through the University’s payroll system and is subject to withholding of applicable income and employment taxes. This payment will be reported as taxable wages on the employee’s W-2 Form. In order for the

Relocation Expenses for Newly Hired or Transferred Faculty and Staff

department to pay the temporary housing allowance, the new or transferred employee's hiring information must exist in SAP. The department shall create an additional payment in SAP to pay for temporary housing. The SAP Business Process Procedures document for additional payments may be found at [http://myhelp.uky.edu/rdw/nav/human%20resources%20\(hr\)/1506/index.htm](http://myhelp.uky.edu/rdw/nav/human%20resources%20(hr)/1506/index.htm). For questions, contact the Payroll Office and/or the Compensation Office in Human Resources.

2. Option 2 – Direct Bill Payment

The department may request that the University make the payment for temporary housing expenses on behalf of the employee. The department will determine the maximum length of time and dollar amount to be paid for the temporary housing (not to exceed \$1,500 per month for a maximum of two months) and state this amount in the letter of offer. The department shall submit a DAV for payment to the Accounts Payable Department, along with the original invoice or billing statement for the temporary housing, and a copy of the letter of offer to the employee. The DAV must also contain the employee's name and Person ID number as it appears in SAP. The form and instructions can be found at <http://www.uky.edu/Index/F.html>. This payment will be reported as taxable wages on the employee's W-2 Form.

D. Relocation Expenses:

Employees may choose one of the following options for reimbursement of relocation expenses.

1. Option 1 – Cash Payment

A cash payment, up to \$7,500, may be issued to the individual. This payment will be processed through the University's payroll system and is subject to applicable income and employment taxes.

The payment will be reported as taxable wages on the employee's annual W-2 Form. No documentation of expenses is required by the University for this option. Documentation for tax purposes is the personal responsibility of the individual.

To pay the cash option, the new employee's hiring information must exist in SAP. The department shall create an additional payment in SAP to pay for relocation. The SAP Business Process Procedures document for additional payments may be found at http://www.uky.edu/IRIS/HR/documents/PERSONNELADMINISTRATIONACTIONSection_004.pdf. For questions, contact the Payroll Office and/or the Compensation Office in Human Resources.

2. Option 2 – Reimbursement

Reimbursement of "qualified" expenses, up to \$10,000, may be issued to the individual. "Qualified" expenses are defined in current Internal Revenue Service (IRS) regulations, which can be found at <http://www.irs.gov/pub/irs-pdf/p521.pdf>. These regulations include a requirement

Relocation Expenses for Newly Hired or Transferred Faculty and Staff

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.

Examples of qualified expenses include:

- a. Commercial moving company
- b. Rental truck
- c. Casual labor associated with loading and unloading
- d. Charges for packing, crating, and shipping

Examples of nonqualified expenses include:

- a. Meals taken while in transit
- b. Any part of the purchase price of your new home
- c. Car tags
- d. Driver's license
- e. Expenses of buying or selling a home
- f. Home improvements to help sell your home
- g. Loss on the sale of your home
- h. Losses from disposing of memberships in clubs
- i. Mortgage penalties
- j. Pre-move house hunting expenses
- k. Real estate taxes
- l. Refitting of carpet and draperies
- m. Return trips to your former residence
- n. Security deposits
- o. Storage charges except those incurred in transit and for foreign moves

The department will determine the maximum amount of reimbursement and state this amount in the letter of offer. Reimbursement for qualified moving expenses is not subject to income and employment tax withholding. However, this amount will be reported as an informational item on the employee's annual W-2 Form. For more information regarding qualified expenses, consult the IRS website listed above. To reimburse qualified expenses, the department will complete and submit a DAV for payment to the Accounts Payable Department, along with the original receipts and a copy of the letter of offer to the employee. The DAV must also contain the employee's name and Person ID number as it appears in SAP. The form and instructions can be found at <http://www.uky.edu/Index/F.html>.

3. Option 3 – Direct Bill Payment

The department may request that the University make a payment directly to a commercial moving company on behalf of the employee. The department shall determine the maximum amount of payment and state this amount in the letter of offer. The department shall submit a DAV requesting payment to the Accounts Payable Department, along with the original invoice or billing statement from the moving company, and a copy of the letter of offer to the employee. The DAV must also contain the employee's name and Person ID number as it appears in SAP. If the payment is considered to be a "qualified expense" pursuant to IRS regulations, the amount will not be reported

Relocation Expenses for Newly Hired or Transferred Faculty and Staff

as an informational item on the employee’s annual W-2 Form. These regulations include a requirement 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. If the payment is determined to be a “nonqualified expense”, the payment is subject to applicable income and employment taxes and the payment will be reported as taxable wages on the employee’s annual W-2 Form. “Qualified” expenses are defined in current Internal Revenue Service (IRS) regulations, which can be found at <http://www.irs.gov/pub/irs-pdf/p521.pdf>

E. Relocation Assistance/Information

The newly hired or transferred employee will need to work with a relocation specialist in the Employment Office of Human Resources. This office will assist in the relocation process by interpreting University policy, identifying the University’s recommended movers, and providing other information or counseling as needed to make the process as smooth as possible for the employee and his/her partner/family.

F. Required Approvals

The reimbursement of relocation, house-hunting, or temporary housing expenses must be approved as follows:

POSITION TYPE	APPROVER
Dean	Provost
Faculty	(Appropriate) Dean
Direct Report To President	President
Staff	Provost or (Appropriate) Executive Vice President

G. Exceptions to Policy

All exceptions to the policy must be approved in advance by the appropriate President’s Cabinet officer.

H. Tax Disclaimer

The University is not responsible for the interpretation, documentation, or filing of tax information for the individual with regard to relocation expenses. The definition of “qualified” expenses is

Relocation Expenses for Newly Hired or Transferred Faculty and Staff

subject to change pursuant to IRS tax regulations. The tax consequences of this policy should be discussed with a personal tax advisor.