

Internal Memorandum

To: Finance and Administrative Officers
From: Eric Rogers, Director of Purchasing Services
Manali Bettendorf, Controller
Rick Grunewald, Payroll Services
Re: WSU Moving Expenses
Date: July 1st, 2018

Personal Moves

Washington State University is permitted by the [State of Washington](#) (RCW 43.03.125) to pay moving expenses for [eligible new or transferring employees](#) (SAAM 60.10). When it is necessary to successfully recruit or retain a qualified candidate who will have to make a domiciliary move in order to accept an academic appointment or staff position, the Dean, Vice President, or designee may authorize **lump sum relocation compensation** in accordance with the provisions of this policy statement.

Relocation Compensation is a preferred option and will be the *only* option beginning on July 1st, 2018 to facilitate paying an employee for expenses associated with a move of household goods to the University.

The process for moves of laboratory equipment and other professional items will be handled in accordance with BPPM 70.60.

2018 Federal Tax Reform Update

Effective January 1, 2018, all personal moving expenses related to either reimbursements or payments on behalf of employees are taxable. Furthermore, these payments are taxable without regard to whether receipts and/or appropriate documentation is provided.

Departments paying moving expenses are encouraged to use the Relocation Compensation process in BPPM 55.62. Effective July 1, 2018, Relocation Compensation will be the only way to provide compensation to employees for household goods moves at WSU.

Relocation Compensation

Relocation Compensation is an option to facilitate paying an employee for expenses associated with a move to the University. This is a one-time payment that will be included with an employee's paycheck within the first month of employment. While the amount is at the discretion of the department, the suggested upper limit for the allowance is 10% of base salary. This payment is intended to be all inclusive and used for *all* moving and travel expenses associated with the new employee's relocation and appropriate payroll taxes will be withheld when the payment is made to the individual. The employee should not expect additional payments or reimbursements.

Relocation payments in excess of 10% of the employee's first year annual salary must be approved in advance by the Dean, or designee, for faculty and academic appointees, and the appropriate Vice President, Chancellor, or designee, for staff.

A Relocation Compensation Request form will be sent by the hiring department to the employee to sign when they begin employment prior to receiving the moving allowance. The Relocation Compensation Request form must then be sent in to Payroll Services at mail code 1024 for processing. Departments have the option to "gross up" the payment to the employee dependent on budget constraints and appropriate approvals.

If within one year of the date of appointment the employee voluntarily terminates employment, or engages in behavior that makes termination of employment necessary, the full amount of the relocation incentive payment must be repaid to the University. Termination of employment as a result of layoff, disability separation, or other good cause as determined by the Provost or Vice President for Human Resources, or their respective designees, will not require repayment of the relocation compensation. When making the offer to the individual, please make sure the appropriate language is included in the offer letter relating to the lump sum moving allowance. The HR department has offer letter templates to help guide you through the process.

Please note: For lab moves, please refer to BPPM 70.60.

Example

The individual themselves arranges and pays for the entire move to the University to begin employment. The individual will receive the agreed upon relocation compensation payment within their first month of employment through their paycheck, once they are an active employee.

Appropriate taxes will be withheld from the payment amount and will be reported on the employee's annual W-2. Individuals should consult their tax adviser to determine whether any deductions may be available to them since the University cannot offer any personal tax advice regarding this payment.

Moves in Process

For any moves that were negotiated in 2017, but expenses were incurred and reimbursed through Travel Services between the period of January 1st 2018 and June 30th 2018, Travel Services will calculate the taxable amount and forward that information to Payroll Services.

Payroll Services will determine the tax impact to the employee and when significant will communicate with the employee. If the department wants Payroll to “gross up” these payments a Relocation Compensation Request should be submitted for the gross up amount. Please contact Payroll Services for guidance in these special cases. The taxed amount will be reflected on the employee’s annual W-2 the year the allowance is paid.

Questions?

Purchasing Services

Email: purchasing@wsu.edu

Phone: (509) 335-3541

<https://purchasing.wsu.edu>

Payroll Services

Email: payroll@wsu.edu

Phone: (509) 335-9575

<https://payroll.wsu.edu>

Human Resources

hrs@wsu.edu