

## I. Overview

Due to the Tax Cuts and Jobs Act of 2017, moving expenses paid by the University are taxable as wages to the employee and subject to the applicable tax withholding. Therefore, the University has a new process for new hire household moves.

Instead of providing moving expense reimbursements or a University payment directly to the contracted moving company, moving allowances are now paid through Payroll directly to the employee.

## II. Guidelines

### A. Moving Allowance:

To assist with relocation costs, the [School/Department] will provide a moving allowance of \$00,000. This allowance will cover the expenses for one trip to look for housing prior to your move. According to the Tax Cuts and Jobs Act, the moving allowance and housing visit must be reported as wages subject to the applicable tax withholding, and these funds are not eligible for benefit contributions.

With the University of Utah's moving allowance structure, new hires are not required to use a one specific vendor. However, a procurement process has been conducted and the University has established a contract agreement with Suddath to provide favorable terms, conditions and moving rates for use by new hires at their option, risk and expense. Suddath has provided a University of Utah link to start the quote process for your household move: <https://info.suddath.com/college-university-of-utah>

If a new hire does not use the contracted vendor, we advise for the new hire to conduct their own vetting process by checking reviews and references closely for vendors they have in mind.

For questions regarding this contract, you can call Procurement & Contracting Services at 801-581-7241.

## B. Lab Equipment Moves:

As negotiated, the University may pay for the moving of lab equipment from the current institution to the University of Utah. As part of this move, the ownership of the equipment will be transferred from the current institution to the University of Utah. There will not be a tax liability related to these costs. Arranging a lab move will require a competitive bid process if the estimated cost exceeds \$5000. Equipment details need to be provided.

## C. Repayment:

If the employee leaves the University within one (1) calendar year of the start date, they may be obligated to repay the University. This is at the department's discretion whether to use and enforce. It is not required. Repayment of the moving allowance is not intended as a penalty for early resignation or to bind the employee to the Department. Rather, the moving allowance repayment is intended as reimbursement to the University for its investment in the employee's career if they should terminate their employment with the Department before the University is able to fully realize the benefits of its investment.

## D. Guidance Document Suggestions:

When deciding the amount to offer for a moving allowance, please consider the following:

- This amount is negotiable and is limited by the department/college budget and approvals.
- When offering an amount, consider whether you want to add an additional amount to account for the tax liability. An estimated tax withholding percentage to consider could be 35% based on the employees combined federal, state, and FICA withholding.
- If department chooses to give the employee a specific net payment amount and assume the tax liability to assist the employee, they can request a "Gross Up" of the payment. Gross Up payment would be increased by employee Federal, State, and FICA taxes. This may be a significant amount as the department is assuming employee tax liability.
- Consider equity between candidates.
- You may also adjust the amount based on the distance of the move or other contributing factors of a specific move.

## E. Payroll Payment Procedures if Moving Allowance Payment is Prior to Start Date:

Must be hired as an employee of the University before payment can be made through payroll. Please note that the ePAF must be fully executed for payment to be processed.

### **Staff ePAF process (see below for Academic Affairs and UHA hiring process)**

- Work with your HR Team prior to submitting a Hire ePAF so that you will be able to submit the form not using the PRN#.
- When instructed by HR, submit the Hire ePAF using the same job code as hiring proposal at .03 FTE, and \$0.00 comp rate and include the signed offer letter.
- eI-9 form – Section 1 will only need to be completed before the actual first day of work for pay. Moving allowances and sign on bonuses are not considered work for pay. Therefore the I-9 is not required to

submit the ePAF. Department will have the responsibility to complete the I-9 when the employee starts working.

- Once the Hire ePAF has been processed and moving allowance has been paid out do the following:
  - Submit a second Hire ePAF to transfer the employee into their actual hired position. Hire off of the PRN# and enter the effective/hire date, FTE, comp rate as it is listed on the offer letter. Remember to select “Yes, leaving current assignment” so the form will go through as a transfer.

#### **Payment Process after ePAF is fully executed:**

1. Department will submit the Moving Allowance form to payroll for payment to employee <https://www.hr.utah.edu/forms/index.php#payroll>
2. Employee must be set up on direct deposit to receive payment of Moving Allowance <https://www.hr.utah.edu/forms/lib/Direct%20Deposit%20Help.pdf>
3. Moving Allowance is paid as a special check and does require a journal entry from department for the \$12.00 fee.
4. Documentation is kept in department approving and submitting the moving allowance
5. Moving allowance is taxed according to employee's W-4 exemptions
6. Moving allowances are not eligible for benefits (e.g., retirement contribution)
7. Moving allowance account range is 52700 - 52703
8. Payroll cannot deposit to an international bank. If employee has banking outside of United States, department will need to work with payroll on mailing of check to employee.

#### **Academic Affairs - Faculty Hire Process**

- Submit a Hire ePAF and enter the PRN#, which will use the same job code listed on the hiring proposal (see faculty instructor exception below) at 0.03 FTE and \$0.00 comp rate. Please include the following documents/information on this ePAF:
  - CV
  - Offer and Acceptance
  - Clear to Hire
  - Education Verification
  - 3 letters of recommendation
  - Include in Comments/Notes:
    - Faculty Vote and vote date
    - “Early hire for moving allowance”
- Please note, that an ei-9 should be submitted when the employee begins working for wages.
- For new faculty, please indicate the appropriate rank and rank title (blank for tenure-line). If tenure-line, please select ‘Non Tenure on Track’ if not hired with tenure or the tenure process is not complete. If tenure process is complete, select as ‘Tenure’ and include the letter with the president approval in the documents.
- Once Hire ePAF has been processed and moving allowance has been paid out do the following:
  - Submit an Edit Job ePAF to change effective date, FTE, comp rate, and tenure status (if applicable) to what is listed in the offer letter and note that documents were on original ePAF.
- Faculty Instructor exception. Please note, that if a candidate has not received the terminal degree for that discipline at the time of moving expense hire, please submit a Hire ePAF for the appropriate Instructor job code and note the original PRN# in the comments. Do not hire off of the PRN# unless the title is Instructor on the hiring proposal in PeopleAdmin.

- Once terminal degree has been received, process a New Hire ePAF using the PRN# and include/edit the following: and include: 1) the education verification for terminal degree, 2) add degree to education section, and 3) update appointment data section with new rank title, and 4) mark that this person is leaving prior job box on last page of ePAF.
- International employees who require University sponsorship should not be paid with a moving allowance until after the employee has begun working at the University. This will avoid any negative implications in regards to immigration status and ensure they are work authorized at the University before wages are paid.

## University of Utah Health Academic - Faculty Hire Process

Applies to the following colleges: School of Medicine, School of Dentistry, College of Health, College of Nursing, College of Pharmacy, Eccles Health Science Library

- Submit a Hire ePAF for job code 9124 (Associate Instructor) and note the original PRN# in the comments. Enter the FTE as 0.03 and the Comp Rate as \$0.00. Please include the following documents/information on this ePAF:
  - CV
  - Offer and Acceptance
  - Clear to Hire
  - Education Verification
  - Include in Comments/Notes:
    - Faculty Vote and vote date
    - “Early Hire for moving allowance”
- If hired with tenure, the *faculty information* section on the ePAF for appointments can only be selected as ‘Tenure’ if the RPT process is complete. If the RPT process is not complete, select ‘Non Tenure on Track’ and then update this section once president’s approval is received.
- Please note, that an ei-9 should be submitted when the employee begins working for wages.
- Once the initial Hire ePAF with job code 9124 has been processed and moving allowance has been paid out do the following:
  - Submit a second Hire ePAF to transfer the employee into their faculty appointment. Hire off of the PRN# and enter the hire date, FTE, comp rate, and tenure status (if applicable) as it is listed on the offer letter. Remember to select “Yes, leaving current assignment” so the form will go through as a transfer.
  - Attach needed documents for a faculty ePAF including:
    - Chair or Dean Letter for ePAF
    - 3 Letters of recommendation
    - CV
    - Copy of Signed offer letter
    - Clear to Hire
    - Education Verification
    - Include faculty vote results and date of vote in the comments section
  - Submit an ei-9 form. Please note, that the hire date listed in section 2 will auto populate as the MOA effective date. HR will update this to be the Faculty appointment “hire date” prior to approving the form.

- International employees who require University sponsorship should not be paid with a moving allowance until after the employee has begun working at the University. This will avoid any negative implications in regards to immigration status and ensure they are work authorized at the University before wages are paid.

### III. References

For additional questions, please contact your Human Resource Employment Service Team, Human Resource Payroll Department or appropriate Office for Faculty.

For international move questions, please contact Procurement and Contracting Services.

For assistance with travel and airfare accommodations, contact Travel and Reimbursement Services.

OUTDATED