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.

To facilitate this procedure, Payroll has implemented the MOVING ALLOWANCE PAYMENT FORM. [https://www.hr.utah.edu/forms/index.php#payroll](https://www.hr.utah.edu/forms/index.php#payroll)

II. Guidelines

A. Moving Allowance:
To assist with relocation costs, the department may provide a moving allowance. In addition, the department may cover expenses for one trip to look for housing prior to the 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 (e.g., retirement contributions).

New University employees can still take advantage of the University contracted mover, Bailey’s Moving and Storage and their contract discounts. Please provide a letter from the department acknowledging the new employee or a redacted version of their offer letter with the Department Manager contact information to one of the contacts below to start the process.

**Bailey’s Moving and Storage**

Lisa Martinez – lisama@baileysallied.com 801-296-7440

Bracken Jones – brackenj@baileysallied.com 801-296-7406

**Please Note:**

To ensure funds are available, it is common industry practice for moving companies to collect credit card information. Bailey’s will pre-authorize 110% of the estimated moving costs the day before services begin. The charges will not be processed until the move date, and then will be based on the actual weight, and services provided prior to the delivery of goods at destination. If the actual tariff charges for services performed exceed 110% of the estimated price, the shipment will be delivered, and the employee will be obligated to pay the balance, if any, within 30 days after delivery.
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 including I-9 for payment to be processed.

Staff ePAF process
- Submit New Hire ePAF using the same job code as hiring proposal at .03 FTE, and $0.00 Comp rate. Hire off of the PRN# and include signed offer letter.
- Submit el-9 form
- Once Hire ePAF has been processed and moving allowance has been paid out, submit an Edit Job ePAF to change effective date to reflect updated FTE, comp rate and distribution (if applicable).

A. 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.

Faculty Hire Process:
• Submit New Hire ePAF using the same job code as hiring proposal (see instructor exception below) at .03 FTE, and $0.00 Comp rate. Please hire off of the PRN# and include the following documents on the initial ePAF:
  o CV
  o Offer and Acceptance
  o Chair to Dean Letter
  o If on main campus, not needed if hired off of PRN#
  o Faculty Vote in Comments with “Early hire for moving allowance”
  o Clear to Hire
  o Education Verification

• If hired with tenure, the appointment section can only be marked tenure if the RPT process is complete. If the RPT process is not complete, mark non-tenure on track and then update this section once president’s approval is received.

• Once ePAF has been processed and allowance has been paid out, edit ePAF to change effective date, FTE, comp rate, and tenure status (if applicable).

• 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 New 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 in PeopleAdmin.

• 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.