**Relocation Expenses**

This document is intended to provide general information regarding recruitment travel, house-hunting trip expenses, moving household goods, transportation costs of family members, reimbursements for post-move expenses, tax treatment as determined by Government guidelines of various types of expenses, and reimbursement requests and payment methods. Please refer to your offer letter for relocation amounts, if applicable, which provides dollar limits and allowable expenses that may be paid by “The Company” [[1]](#footnote-1) to assist new employees with their move and relocation.

Payroll will record which expenses are to be treated as non-taxable and which to treat as taxable based upon IRS regulations as stated in Publication 521, Moving Expenses, <http://www.irs.gov/publications/p521/ar02.html>

**Who Can Deduct Moving Expenses**

**Qualifying Criteria per IRS**

**Distance Test**

If you move to a new home because of a new principal workplace, you may be able to deduct your moving expenses whether you are self-employed or an employee. You must meet both the distance and time tests that follow. Also, your move must be closely related both in time and place to the start of work at your new job location.

Your new principal workplace must be at least 50 miles farther from your old home that your old workplace was.

**Time Test**

An employee must work full time in the general area of the new workplace for at least 39 weeks, during the 12 months right after the move.

For more information see IRS Pub 521 Moving Expenses.

*For more detailed information on IRS regulations regarding relocation, please consult your tax advisor.*

**Reimbursement for Moving and Relocation Expenses**

After a move has been completed, The Company can reimburse an employee for actual, allowable moving expenses in accordance with the employment offer. Payments are made directly through Payroll. If the actual moving expenses are less than the maximum amount offered, the balance will be paid to the employee and is considered taxable income.

All approved moving reimbursements up to the full relocation benefit paid to the employee are reported on the W-2. (Any qualified payments made directly to the vendor are not reported on the W-2) Any non-qualified reimbursement is considered income and is subject to employment taxes and income tax withholding.

**House Hunting Trip Expenses**

For IRS compliance reasons, once a person has accepted an offer of employment from “The Company”, subsequent trips to Denver or to another place of employment cannot be treated as recruitment travel; there are normally no tax issues relating to recruitment travel, and no information is required to be reported to the IRS on these reimbursements.

Sometimes the Company agrees to reimburse a new hire for the cost of a house-hunting trip prior to his/her move and before he/she begins work. The new hire and his/her family might travel to investigate neighborhoods and school districts. Since house-hunting trip expenses are not considered to be allowable moving expenses by the IRS, any reimbursements or direct payments to hotels, airlines, etc. by The Company for these expenses are treated as taxable income to a new employee. While HR reviews all requests to be reimbursed for house-hunting trip expenses, the reimbursements are usually paid through Payroll once the employee begins work. Payments for house-hunting trip expenses are reported as taxable income to the IRS and taxes are withheld.

**Deductible Moving Expenses - Qualified Expenses that are Non-Taxable**

**Reasonable Expenses**

You can deduct only those expenses that are reasonable for the circumstances of your move. For example, the cost of traveling from your former home to your new one should be by the shortest, most direct route available by conventional transportation. If during your trip to your new home, you stop over, or make side trips for sightseeing, the additional expenses for your stopover or side trips are not deductible as moving expenses.

**Household Goods and Personal Effects**

You can deduct the reasonable expenses of moving your household goods and personal effects and of traveling from your old home to your new home. Reasonable expenses can include the cost of lodging (but not meals) while traveling to your new home. You cannot deduct the cost of sightseeing trips.

**Members of Household**

You can deduct moving expenses you pay for yourself and members of your household. A member of your household is anyone who has both your former and new home as his or her home. It does not include a tenant or employee, unless that person is your dependent.

The members of your household do not have to travel together or at the same time. However, you can only deduct expenses for one trip per person.

**Travel by Car**

* Your actual expenses, such as the amount you pay for gas and oil for your car, if you keep an accurate record of each expense, or
* The standard mileage rate of 24.0 cents per mile. (2015)

Whether you use actual expenses or the standard mileage rate to figure your expenses, you can deduct the parking fees and tolls you pay to move. You cannot deduct any part of general repairs, general maintenance, insurance, or depreciation for your car.

**Storage Expenses**

You can include the cost of storing and insuring household goods and personal effects within any period of 30 consecutive days after the day your things are moved from your former home and before they are delivered to your new home.

**Travel expenses.**

You can deduct the cost of transportation and lodging for yourself and members of your household while traveling from your former home to your new home. This includes expenses for the day you arrive.

The day of arrival is the day you secure lodging at the new place of residence, even if the lodging is on a temporary basis.

**Additional Examples of Expenses that are treated as non-taxable**

* Shipping of Employee’s vehicle
* Packing Materials
* Shuttle or cab to or from airport for move
* One-way airfare for employee and dependents
* Transporting family pets
* Payments to packers or movers

**Non-Deductible Moving Expenses – Non-Qualified Expenses that are taxable**

**You cannot deduct the following items as moving expenses.**

* Any part of the purchase price of your new home
* Car tags
* Driver's license
* Expenses of buying or selling a home (including closing costs, mortgage fees, and points)
* Expenses of entering into or breaking a lease
* Home improvements to help sell your home
* Loss on the sale of your home.
* Losses from disposing of memberships in clubs
* Mortgage penalties.
* Pre-move house hunting expenses.
* Real estate taxes.
* Refitting of carpet and draperies.
* Return trips to your former residence.
* Security deposits (including any given up due to the move)

No double deduction. You cannot take a moving expense deduction and a business expense deduction for the same expenses. You must decide if your expenses are deductible as moving expenses or as business expenses.

**Requests for Reimbursement of Moving Expenses**

Requests for reimbursement of out-of-pocket moving and relocation expenses should be submitted to the HR Dept. for review and approval. Please utilize the current year Company Relocation Expense Reporting form to submit relocation expenses. Original receipts should accompany reimbursement requests. Once reviewed, signed, and approved by HR it will be submitted to Payroll. Please Contact the HR Dept. with additional questions.

1. “The Company” = Consolidated Investment Group LLC, and all its affiliates. [↑](#footnote-ref-1)