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Office of Payroll Services
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TO: Deans, Vice-Presidents, Assistant Vice Presidents
Department Heads and Department Administrators

FROM: Andrea M. Marks, MBA, CPA
Vice President and Chief Financial Officer

SUBJECT: Payments for Employee Relocation Expenses

It has long been a practice of the university to reimburse job-related moving expenses when new key faculty are recruited from regions distant from our campus locations. The IRS rules and tax law allowed these reimbursements to be treated as a non-taxable fringe benefit to the new recruit. However, the [Tax Cut and Jobs Act](#), signed into law 12/22/2017, has introduced a change to the non-taxable treatment of moving expense fringe benefits. Effective January 1, 2018, federal law prohibits individuals from taking a tax deduction for work-related moving expenses. It also prohibits employers from treating work-related moving expense assistance to employees as a tax-exempt fringe benefit (see section 11048 of the law, effective for taxable years 2018 through 2025).

In response to these tax law changes, the university is changing the mechanism by which moving expense assistance may be offered to new employees. Effective January 1, 2018, departments may offer a taxable relocation allowance to new faculty recruits who need to relocate their families and household goods in order to accept employment with the university. Payment of the allowance will be processed through Payroll, and the appropriate income and payroll taxes will be withheld from net pay for payment of the allowance. The former distinction between qualified and non-qualified moving expenses will no longer apply as the law has suspended the tax exemption through the year 2025. This means that departments no longer need to submit moving expense receipts from new faculty when requesting payment of a relocation allowance.

In order to attract the appropriate recruit, non-faculty positions, which include A&P, post-docs, residents, and classified staff, will continue to be eligible for a relocation allowance to help cover moving expenses. For relocation allowances to new non-faculty staff members, advance approval is required by the relevant Executive Committee member and the Chief Financial Officer (CFO).

For further information and procedures related to relocation assistance, please see the institutional policy contained in [HOP 6.1.5](#).

If you have any questions regarding this change in moving expense policy, please direct your inquiry to acctg-admin@uthscsa.edu.