Effective: September 1, 2009
Supersedes: Business Procedure 8.2 dated November 15, 2002
Applies To: System Office and Colleges
Procedure Responsibility: System Office of Business Services
Reference: IRS Publication 535, Publication 521 (moving expenses), and Publication 15-B

Moving Expense Reimbursement

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Section 8.2.1 – General Practice

Under certain circumstances, KCTCS may provide a moving allowance. Prior approval is required based on business procedure 1.10 Financial Transaction Approval Authority. For new employees assigned to a college, initial approval should be obtained from the KCTCS Chancellor and final approval should be obtained from the KCTCS Vice President for Finance. For new employees assigned to the System Office or for college CEOs, initial approval from the appropriate KCTCS Vice President or KCTCS Chancellor and final approval from the KCTCS President should be obtained.

Section 8.2.2 – Moving Allowance Amount

The final approval authority must establish a moving allowance for the new employee. The KCTCS System Director of Business Services must be notified of the employee's name and the amount of the moving allowance and any expenses paid on behalf of the employee as these expenses may be subject to personal income tax per IRS regulation. See section 8.2.4 Allowable Expenses

Section 8.2.3 – Moving Estimates

The employee must obtain three (3) estimates from moving companies and select the lowest bid. The employee must retain copies of all estimates to submit with their reimbursement package as supporting documentation. Prior approval is required in

the event that there is an unusual circumstance and the firm that did not submit the low bid is chosen by the employee. Additionally, any special circumstances (e.g., payment required at the time of delivery) must be highlighted on the check request.

Section 8.2.4 – Allowable Expenses

A. Moving expenses must meet time and distance rules to qualify for reimbursement. The new location of employment must be at least 50 miles further than the distance between the previous work site and the employee's old residence. Employees must continue working full-time for at least 39 weeks during the first 12 months after arriving at the new location.

B. Moving expenses are divided into two categories, deductible (qualified), and nondeductible (non-qualified). The difference is in the tax implications for the employee. All moving expense reimbursements require original receipts for the actual expense incurred.

1. Deductible Expenses are qualified expenses and non-taxable.
   a. Cost of padding and shipping household goods
   b. In transit storage.
   c. Transportation to the new location. Transportation by car can be reimbursed by actual expenses with receipts or rate predetermined by IRS (currently .27 per mile for 2009)
   d. Lodging while en-route to the new location

2. Nondeductible Expenses are non-qualified and are taxable.
   a. Meal expenses
   b. Expense of buying/ selling home
   c. Pre-move house hunting expenses
   d. Security deposits
   e. Storage charges – except those incurred in transit

Section 8.2.5 – Reimbursement Process

A. Moving allowance reimbursement requests for both deductible and nondeductible expenses must be submitted using a Employee Reimbursement (Non Travel) Reimbursement Form BA2 with actual receipts. The taxable reimbursements will be added to the employees' paycheck on the next available payroll. Payroll code NQM is used for non-qualified (taxable) moving

expenses. These reimbursements are included as income on the employee's W2. Deductible information will appear on the employee's W2 form in Box 12, under Code P.

B. If the employee, the moving company, and KCTCS have completed an arrangement that KCTCS will directly pay the vendor, then the college should do a check request (Form BA1) made payable to for the move attaching the three (3) quotes (vendor add form attached if the chosen vendor is not in PeopleSoft) from the moving companies. KCTCS Accounts Payable will process the check request for payment to the moving company. A copy of the payment will be forwarded to KCTCS Payroll for review for any tax liability to the employee.

Section 8.2.6 – Temporary Housing

A. Under certain circumstances, KCTCS may provide funding or reimburse new hire employees for temporary housing, while the employee is finding a permanent residence. This temporary housing is not to exceed thirty (30) days. The IRS considers such payments to be taxable fringe benefits. A time period greater than thirty (30) days is the employee's responsibility for payment.

B. If KCTCS is providing the funding; the procedure to process such payments is as follows:

1. College submits vendor check request with a vendor add form made payable to landlord in advance of rent due date. ***Note:*** If this is to be a long term arrangement due to the temporary assignment being greater than thirty (30) days then KCTCS Purchasing should be consulted for possible issuance of a purchase order as a standing order. In such an instance a purchasing "confirming" requisition is required. Please review business procedure 8.3 Temporary Assignment.

2. The amount of the rent is loaded on employee's paycheck data by KCTCS Payroll and reported as taxable income with applicable taxes withheld.

3. Deposits for housing should be paid via check request. Once the employee has moved to a permanent residence, the deposit should be returned to the college business office. The employee has the responsibility of ensuring the entire amount of original deposit is returned on a timely basis.

C. If KCTCS is reimbursing the employee.

1. The employee submits an Employee Reimbursement Voucher (Form BA 2).

2. The amount of the rent is loaded on employee's paycheck data by KCTCS Payroll and reported as taxable income with applicable taxes withheld.

End of Procedure