



PAYMENT OF MOVING EXPENSES

University of Oklahoma
Norman Campus

Overview

At times, it may be beneficial for the University to contribute toward a new employee's moving expenses. The payment of these expenses requires the prior approval of the college or department. The University is required to comply with reporting and taxing requirements mandated by the Internal Revenue Service (IRS).

Relevant IRS Rules

The Tax Cuts and Jobs Act of 2017 changed the taxability of moving expenses. All moving expenses incurred on or after January 1, 2018, whether paid directly to an employee or paid to a vendor (e.g., moving company) on behalf of an individual, are includable in the employee's gross income and will be reported on the employee's W-2. Moving expenses are subject to federal and state income tax and FICA withholding. Employees should consult with their own tax advisor for additional information and advice.

Procedures

The procedures below are to be followed for all payments of moving expenses regardless of funding source. When the source of funds is from sponsored program grants and contracts, confirmation should be obtained from Research Financial Services to ensure the payment of moving expenses complies with the terms of the grant/contract.

Expenses paid directly to the employee

- A. For payments made directly to employees, departments should ensure that payments are made in accordance with the terms of the new employee's offer of employment. Such payments cannot be made prior to the first day of employment. Departments may elect to pay a pre-determined flat amount for moving expenses or reimburse the employee for actual expenses incurred. In the case of reimbursements, departments are responsible for maintaining appropriate supporting documentation. ***For ease of reporting and payment, it is recommended that the pre-determined flat amount method is chosen.***
- B. All moving payments made directly to employees should be entered as an "add pay" through the ePAF system using earning code "MER". The ePAF system requires documentation to be attached, authorizing the transaction. Proper documentation includes a copy of the offer letter/communication to the employee, specifying the authorized moving amounts. The Federal and State Supplemental Tax Rates are used for all moving payments. These payments are also subject to Social Security and Medicare taxes. The Norman Campus fringe benefit rate for the moving allowance pay code will be reduced to 8% to cover actual fringe benefits applicable to the payment. The full fringe rate will initially be charged for moving payments; however, Financial Services will run a process quarterly to rebate the excess fringe charged back to the departments.



- C. If nearing the end of the calendar year, contact Payroll & Employee Services for the year-end deadline to determine which taxable year will be affected.

Expenses paid directly to third party vendors

- A. Moving expenses may continue to be paid directly to the vendor from the department. The University's moving company contracts are still available for use and can be located in OU Marketplace or by reaching out to Purchasing (askpurchasing@ouhsc.edu). To request payments directly to vendors, a requisition should be entered in Peoplesoft, requesting that a PO be established. Invoices should be paid against the PO for all moving-related expenses. If nearing the end of the calendar year, contact Accounts Payable for year-end deadlines to be aware of.
- B. Once the employee commences employment and all payments to third parties are completed, the department must complete and have the employee sign the [Employee Expense Reportable as Income Form](#) located: [HERE](#). The completed form should be signed by the employee and attached to the receipt/voucher. Accounts Payable will then forward the form to Payroll Services to report amounts paid directly to third parties for inclusion on the employee's W-2.
- a. **Please note, due to taxes being assessed through the employee's paycheck, this will result in the employee getting a reduced paycheck.** To explore options for multiple paycheck distributions of the taxable amount, or for questions about the form, please contact Payroll Services.

Contacts

For questions about this policy, please contact the following:

- Financial Services at fsgen@ou.edu.
- Accounts Payable at accountspayable@ouhsc.edu
- Payroll and Employee Services at payroll@ou.edu