DAS DEPARTMENT OF ADMINISTRATIVE SERVICES

Statewide Procedure

OREGON ACCOUNTING MANUAL

SUBJECT:	Accounting and Financial Reporting	**NUMBER:**	50.20.00.PR
DIVISION:	State Controller's Division	**EFFECTIVE DATE:**	July 1, 2009
Chapter:	**Tax Issues**		
Part:	**Moving Expenses**		
APPROVED:	John Radford, State Controller	Signature on file at SCD	

AUTHORITY: Internal Revenue Code Section 132; IRS Publication 521 & 15-B

PROCEDURES:

.101 Agency management must authorize the reimbursement of moving expenses in compliance with State HR Policy 40.055.10 Current Employee Relocation and State HR Policy 40.055.20 New Employee Relocation, and the prevailing collective bargaining agreement (CBA), if applicable. Depending on the circumstances, all or part of the reimbursed moving expenses may be taxable. An agency must notify the employee of the taxability in advance of the move.

.102 Non-taxable moving expenses include:

a. Moving household and personal effects from the old residence to the new, including the cost of packing, in-transit storage, and insurance. Agencies should refer to state HR policies for guidance and applicable limitations.

b. Travel and lodging from the former to the new residence for all members of the household. In order to be non-taxable, mileage must be reimbursed using the IRS approved "moving" mileage rate. If a higher mileage rate is paid, the excess will be taxable income to the employee. Travel expenses also include airfare, parking and tolls.

.103 All other moving expense reimbursements are taxable. Examples of taxable reimbursements include meal reimbursements, pre-move house hunting trips and temporary living expenses.

.104 The employee may request an advance for moving expenses, similar to a travel advance. The agency may also make direct payments to a third party, such as a moving company. Agencies make payments to vendors through the Oregon Statewide Payroll Application (OSPA) by requesting a manual check from Oregon Statewide Payroll Services (OSPS).

.105 To request reimbursement of moving expenses, the employee submits a moving expense claim(s) and provides receipts for all expenses. If given an advance for moving expenses, the employee must timely account for that advance with receipts and return any excess funds to the agency. The agency reviews the moving expense claim to ensure compliance with state HR policies, CBA or other agreement. The standards for documenting expenditures of state funds discussed in OAM 10.15.00 and 10.40.00 apply to moving expense reimbursements. The agency must also classify the expenses as taxable or non-taxable.

.106 Agencies must pay or record payments for both taxable and non-taxable moving expenses through the Oregon Statewide Payroll Application (OSPA), using pay code MVN for non-taxable payments and pay code MVT for taxable payments.

a. To reimburse an employee for moving expenses, the agency's payroll unit enters the transaction into OSPA as a gross pay adjustment, using the code(s) noted above. The employee will receive the reimbursement in the next regularly scheduled payroll.

b. To record advances made to the employee or paid directly to a third party, the agency's payroll unit first enters the payments as a gross pay adjustment into OSPA using the code(s) noted above. If the agency paid the advance to the employee, the agency's payroll unit enters a PANN transaction on the employee deduction screen. If OSPS paid the advance using a manual check, the agency's payroll unit enters a PPNN transaction on the employee deduction screen. In either case, the entry on the deduction screen must match the amount of the advance. **Employees may see a reduction in their net pay when the related taxes are deducted.**

.107 Moving expense payments post to comptroller object 3810 – Employee Relocation-Payroll.

.108 Agencies must retain authorizations for these payments in the employee's payroll file for a minimum of five years.