INTRODUCTION

The University of Maine System (UMS) is required to account for and report on moving expenses in accordance with rules and regulations prescribed in the Internal Revenue Code. The purpose of this administrative practice letter is to establish System guidelines to ensure compliance.

NEW in 2018: Under the Tax Cuts and Jobs Act of 2017, the personal deduction for moving expenses and the exclusion from income of employer-paid moving expenses are suspended from January 1, 2018 through December 31, 2025. As a result, all moving expenses paid on or after January 1, 2018, whether reimbursed to an individual or paid to a vendor on behalf of an individual, are taxable income to the individual and will be taxed accordingly. All reimbursement requests must be submitted no later than one (1) year from when they were incurred.

REPORTING OF MOVING EXPENSES PAID AFTER DECEMBER 31, 2017

All requests for Moving Expense reimbursements for each campus and the Governance & University Services must be forwarded to the UMS Payroll Office. These requests should contain all necessary campus or Governance & University Services approvals before being sent to the UMS Payroll Office. The request should be accompanied by the employee’s contractual Moving Expense agreement.

All employee Moving Expense reimbursements for each campus and the Governance & University Services will be paid through the UMS Payroll Office. All third-party Moving Expense reimbursements for each campus and the Governance & University Services will be forwarded from the UMS Payroll Office to the UMS Accounts Payable staff for payment. Purchasing Cards should not be used to pay for Moving Expenses.

Moving expenses reimbursed through the payroll system must be paid using earnings code 215. Moving expenses paid to a third-party vendor will be reported in the payroll system using earnings code 814. Both payments will be taxable and reported accordingly on the employee’s Form W-2.

Moving Expense reimbursements to both employees and vendors will be reported and paid in a timely manner. An off-cycle payroll check will be generated to meet any requests of an urgent need. Otherwise, employee reimbursements will be generated during the standard monthly check processing. The UMS Payroll Office will sign off on all vendor invoices related to Moving Expenses prior to input by the UMS Accounts Payable staff. Vendors will be paid immediately in the next bi-weekly A/P check run.

The above methodology will result in the proper tax reporting of Moving Expenses and will result in expenses being assigned to the appropriate ChartFields.

RELATED DOCUMENTS

Moving Expenses Reimbursement Form

This APL has been approved by the Vice Chancellor for Finance & Administration.