
Moving/Relocation Expenses Policy

As part of Indiana State University's commitment to recruiting the most qualified candidates, the University may provide monetary assistance and reimbursement for certain expenses associated with the relocation of new employees and their families to the Terre Haute area.

These policies and procedures set forth guidelines to ensure that university funds allocated toward recruitment and relocation are appropriately approved by the hiring department and processed in compliance with University policies and Internal Revenue Service (IRS) requirements. All moving expenses paid or reimbursed beginning January 1, 2018 will be taxable to the employee and subject to tax withholding.

Policy Details

Eligibility and Authorization

- The hiring department will be responsible for the reimbursement of eligible moving expenses and should meet the guidelines in this policy.
- The University president, vice presidents and deans are authorized to decide whether to offer moving expenses on a case-by-case basis up to the limits set forth in this policy.
- The principal individual being relocated will be a regular, full-time employee.
- The move should take place within 12 months of the employee's start date.

Reasonable relocation expenses, up to 8% of the employee's base salary or \$15,000, whichever is less, may be reimbursed (see below). However, the University president, vice presidents and deans have the authority to set a "not to exceed" lower limit. All exceptions to this policy must be approved in advance by the appropriate Vice President or by contract negotiated by ISU Board of Trustees. These rates are subject to annual review and may be adjusted based upon changes in business conditions. The Vice President for Business Affairs and Finance will be authorized and responsible for adjusting these rates after consulting with the University President.

Any approved relocation expenses and payment options should be negotiated with the new employee during the hiring process and specified in the offer of employment letter. The Lump Sum Moving Allowance is the ISU preferred option to facilitate paying an employee for expenses associated with a move to the University.

Lump Sum Moving Allowance

The Lump Sum Moving Allowance is an option to facilitate paying an employee for expenses associated with a move to the University. This is a one-time payment that will be included with an employee's paycheck and will ensure that new employees do not receive reduced paychecks while the required tax withholding and payroll tax payments are deducted. While the amount is at the discretion of the department, the upper limit for the allowance is 8% of the employee's base salary or \$15,000, whichever is less. Although these payments are taxable without regard to whether receipts and/or appropriate documentation is provided, departments may want to require estimates from the new employee in order to negotiate a reasonable moving allowance.

The provision of a lump sum allows flexibility for the new employee. The employee can make their own relocation arrangements up to the maximum specified in the letter of offer. This allowance is intended to be used for all moving and travel expenses associated with the new employee's relocation, and they should not expect additional payments or reimbursements related to their move. Since this is an "allowance", taxes will be withheld when the payment is made.

The ISU hiring department should process the moving allowance using the [One Time Payment \(OTO\)](#) authorization guidelines. The OTO form should include the information (index, org) of the department paying the allowance and the account code should be 66075, Taxable Moving Allow. (Note: attach a copy of the employee's offer letter that included the amount of the allowance if it has not been previously provided to the Human Resource Office) Upon receipt of the properly routed and signed OTO the payment will be processed by payroll and paid on the next scheduled pay. Taxes will be withheld accordingly and reported on the employee's Form W-2.

Direct Payments to Vendors

When the above preferred allowance method is not convenient to the new employee, direct payments to vendors (such as moving companies) will be made based upon the authorized departmental submission of a check request to the Controller's Office. Receipts, copy of offer letter, and a W-9 (for new vendors) will need to be attached. The amount the University pays to a vendor on behalf of an employee is subject to income tax. Federal tax law required that ISU withhold and report such amount to the Internal Revenue Service. The Controller's Office will report these payments made on the employees' behalf to The Payroll Office and the employee's paycheck will be reduced while the required tax withholding and payroll tax payments are deducted.

Tax Officer Consultation

If any moving expense reimbursements are contemplated that are not addressed above or you need additional guidance, please contact Hope Waldbieser, University Tax Compliance Officer, hwaldbieser@indstate.edu