



Employee Moving Expense Reimbursement Guidelines

NOTE: These are guidelines for procedural consideration and should not be construed as tax advice or MSU policy. In the case of discrepancies between these guidelines, Federal and State statute or MSU policy, governmental regulations and MSU policies should be followed.

Only employees who have written agreements with their employing department or hiring authority/PI concerning the nature and amount of reimbursement should be considered eligible for reimbursement of moving expenses.

MSU adheres to the IRS moving expense guidelines as outlined in “*Publication 521-Moving Expenses*” available online at www.irs.gov.

MSU reimburses moving expenses following an “accountable plan” meaning employees must provide the appropriate receipts and documentation within a reasonable timeframe in order to be reimbursed.

- If a department is reimbursing the **employee** for moving expenses the reimbursed amount must be reported on that employee’s form W-2. Taxable items will be included in the employee’s taxable gross wage. Items not taxable will be shown in box 12 with code P on form W-2.
- If a moving company directly bills MSU or an MSU credit card is used to directly pay a moving company or truck rental company on behalf of the employee, the expense is not reported on the employee’s W2.

Please consider the following in cases where a limited moving reimbursement dollar allocation is made.

Any item that cannot be considered a deduction for tax purposes on an individual’s tax form must be considered a taxable benefit when the employee is reimbursed. It is the “best business practice” to only reimburse or request reimbursement for deductible items.

Some common deductible items:

Please see pub 521 for a detailed list and explanations

- The cost of moving household goods and personal effects of the household members from the employee's former home to the new home.
- The cost of transportation and lodging for the household members while traveling between the former home and the new home.
- The cost of transporting household pets or shipping a car from the former home to the new home.

Fuel costs should be documented with receipts, however if a standard mileage rate is reimbursed instead, the rate should be the moving expense rate as published in pub.521 and not the state mileage rate. Any mileage reimbursed in excess of the published moving expense mileage rate will be considered a taxable benefit.

Non-deductible items include but not limited to:

- Any part of purchase price of new home
- Expense of getting or breaking a lease
- Loss on sale of home
- Meal expenses
- Pre-move house -hunting expense
- Temporary living expenses
- Storage (except in transit)
- Mortgage Loss

Departmental instructions:

- Please prepare a BPA and attach supporting documents using the appropriate index and account code 62863 for nontaxable reimbursed items and 62810 for taxable reimbursed items. If unsure please use account code 62810. The appropriate code and 'taxability' will be determined by the tax specialist or technician reviewing the BPA.
- The BPA and supporting documents should be forwarded to Human Resources for approval and W2 reporting purposes. The BPA will then be routed to University Business Services -Accounts Payable for payment.
- Taxable items will be included in the taxable gross of the employee's next paycheck and included in the taxable wages on the employee's form W2. Items not taxed will be included in box 12 of the employee's form W2.