

University of Pennsylvania
School of Arts and Sciences
(SAS)

Relocation Program for Newly Hired Faculty or Staff

If your offer letter contains a clause regarding relocation expenses, payment and reimbursement for those expenses are governed by this program, and are subject to all constraints imposed by IRS regulations. The program applies to all such offers and/or acceptances of employment made on or after August 1, 2007.

The program is intended to pay or reimburse you as newly hired faculty or staff for expenses incurred in connection with your relocation to Penn when your actual relocation exceeds a distance of fifty miles. However, payments in some circumstances may be subject to some limitations.

What relocation expenses does the SAS program routinely cover?

SAS will pay for, or reimburse, the following relocation services and reasonable expenses. These expenses are:

Full service removal of your household goods including pets (up to \$1000), one automobile (if the distance of the move exceeds 500 miles), containers, packing, unpacking of mattresses, and moving in one continuous, direct trip from your former principal residence to your new principal residence,

Storage of your household goods (if necessary) for thirty (30) days at the Philadelphia area location of the van line carrier and removal of them from storage to your new principal residence,

Pickup and removal of your personal effects from your former institutional or business office and delivery of them to your office at Penn or to your new principal residence,

Pickup and removal of your lab equipment from your former institution and delivery of them to your lab at Penn,

Your airfare and those of legally related household members for your final move from your former principal residence to your new principal residence and, if required, lodging on the eve of your departure and on the night of your arrival in the Philadelphia area,

Mileage for the use of your car (at the federally determined rate) if you use it to transport yourself and your family from your former principal residence to your new principal residence, and two nights lodging en route.

What relocation expenses does the SAS program not cover?

SAS will not pay for, or reimburse you for, the following:

- the purchase of furniture or household items for your new principal residence,
- the transporting of boats, recreational vehicles, or other pleasure craft,
- the transporting of hot tubs.

If specifically approved, SAS will also pay for, or reimburse you for the following relocation services:

One three-day “house hunting” trip for you and your spouse/partner including transportation, lodging, and meals,

Your resident domestic partner’s relocation travel expenses; Meals en route during the actual relocation to the Philadelphia area,

Temporary lodging, if required, before the day of your departure and after the day of arrival, until your household goods arrive at your new principal residence.

According to IRS regulations, all reimbursements must be treated as taxable compensation. Such payments are listed as “reportable income” on your W-2 form for the year in which they were made, and you will be responsible for paying any applicable taxes. Please consult your tax advisor for specific information on IRS Relocation taxation.

For the University’s guidelines regarding qualified and non-qualified relocation expenses, please go to <http://www.finance.upenn.edu/comptroller/tax/relocation.shtml/>.

New Tax Law for Moving Expenses Benefit

Summary of Changes

Under the old law, reimbursements made by the employer for qualified moving expenses were not subject to Federal withholding tax. Reimbursements for non-qualified moving expenses were subject to Federal withholding taxes under the prior law. Under the new law, all reimbursements provided by the employer for moving expenses are subject to Federal income, FICA, and Medicare taxes.

This change is effective for reimbursements for moving expenses (including moving of household goods and personal effects, temporary storage, and travel costs going from the old residence to the new) made to employees or paid directly to third parties on and after January 1, 2018 and through December 31, 2025.

How Does this Impact You?

Individuals receiving reimbursement for qualified moving expenses paid to them or paid directly to third parties (e.g., SIRVA) will be subject to Federal, FICA, and Medicare tax withholding beginning in January, 2018. Reimbursements for non-qualified moving expenses will continue to be subject to Federal, FICA, and Medicare withholding as under the prior law.