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Montana State University Extension Relocation Expense Reimbursement Guide

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MSU Extension Service has established the following relocation guidelines. Prospective employees may wish to review the guidelines prior to accepting employment. Our goal is to make your move to, or within, Montana as efficient and painless as possible!

Please review Internal Revenue Service “Publication 521- Moving Expenses” before proceeding with your move.

This publication is available on the internet at: www.irs.gov. There are strict IRS regulations you must follow if you desire to claim moving expenses as a deduction against your income taxes that are too numerous to list in this guideline.

MSU Extension adheres to the IRS moving expense guidelines. Each moving scenario varies greatly so hopefully, most of your questions will be answered here. Please don't hesitate to call Julie Heard at 406-994-1752 if you need further assistance. Max Thompson, Payroll Compliance Specialist, Personnel and Payroll Services at MSU will have final authority on unique situations which may arise that are not outlined in this guideline.

Your relocation allowance will be documented in your “Letter of Hire.” The reimbursement rate will be determined on a case by case scenario. **If you decide to terminate before your one year anniversary, you will be required to reimburse MSU Extension in full for the moving expenses incurred by you. You must submit your relocation claim within 90 days after incurring the expense or you waive your rights to reimbursement.**

MSU Extension will reimburse you for your moving expenses using the guidelines listed below. A moving expense advance is not available. You will be responsible for paying all relocation expenses incurred with the few exceptions listed here. If you contract with a moving company, your costs can be direct billed to MSU Extension. If you rent a truck (U-Haul, Ryder, etc.) the company can contact Julie Heard at 406-994-1752 and the expense can be charged to an MSU credit card. Upon submission of your expense claim, MSU Extension Service will reimburse the amount due to you. **You are free to choose any method of moving you wish with few limitations on how the allocation is spent as long as the total moving allowance is not exceeded. Keep in mind that you must submit receipts for ALL expenditures except for meals and fuel IF you choose to utilize the IRS or State of Montana rates noted in the “Transportation” sections (a) or (b) listed below.**

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The State of Montana has signed an agreement with Mergenthaler's Transfer and Storage/United Van Lines, for discounts of up to 62% off normal rates to move new **out-of-state** employees to Montana. Mergenthaler's offers free valuation of goods up to \$75,000. For more information, contact Mergenthaler's at 406-442-9470 or 800-826-5463. You may utilize a private shipping company, rent "move yourself" vehicles, trucks and trailers/horse trailers - whatever it takes to complete your move successfully and efficiently.

Key considerations to be aware of:

Please review pages 7, 8 and 9 of Publication 521: "Deductible Moving Expenses" and "Nondeductible Expenses."

- You may use a portion of your allocation for pre move house hunting (we allow 2 trips) if you wish. You cannot deduct house hunting expenses on your Moving Expense tax form (#3903) and the cost of each trip is considered taxable income and taxes will be withheld.
- MSU reports relocation payment to the IRS and the relocation payment is reported on the employee's W-2. For taxable reimbursements, federal and state income taxes and social security and Medicare taxes must be withheld.
- If you are not able to immediately reside at your new address, MSU Extension will pay for temporary lodging and per diem for two (2) days. These expenses are considered taxable income and will have taxes withheld.

Other considerations for your actual move:

- You are allowed expenses for members of your household. A member of your household is anyone who has both your former and new home as his or her home.
- Transportation: MSU Extension will pay to relocate two (2) personal vehicles (plus the mode of moving transportation, e.g., U-Haul). You have the following options:
 - (a) You may claim mileage (daily odometer reading) at the State of Montana reimbursement rate (effective 1/1/09) which is currently 55¢ per mile up to 1,000 miles and 47.5¢ in excess of 1,000 miles. The difference between the State of Montana rate and the IRS rate is considered taxable income and will have taxes withheld;
 - (b) You may claim the 2009 IRS rate of 24¢ per mile.
 - (c) You may claim your actual expenses for fuel and oil if you keep and present all your receipts. Credit card receipts are not acceptable. These expenses are considered nontaxable benefits.
- Lodging en route to your new location: Keep receipts - Credit card receipts are not acceptable. These expenses are considered nontaxable benefits.

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•Meal reimbursement is based on MSU per diem rates per household person per day. Please document the time you entered Montana if moving from another state. Meals that you submit for reimbursement are considered taxable income and taxes will be withheld.

The following travel allowance schedule is used to reimburse MSU Employees in accordance with State policy.

MEALS	TIME FRAME	IN STATE	OUT OF STATE
Morning	12:01 am - 10:00am	\$5.00	\$7.00
Mid day	10:01am -3:00 pm	\$6.00	\$11.00
Evening	3:01 pm - 12:00 am	\$12.00	\$18.00
FULL DAILY ALLOWANCE:		\$23.00	\$36.00

Departure time and return time is normally considered to be when an employee leaves from and returns to his/her residence. This starting and/or ending time should be used in computing the travel allowances.

•Moving and packing supplies: You may purchase packing supplies (boxes, bubble wrap, tape, etc.) and rent moving equipment (e.g., hand truck). Save and present your receipts. These expenses are considered nontaxable benefits.

•Hired labor: You may hire persons other than immediate family members to help you pack, clean, load up and even drive a vehicle if necessary. A member of your household is anyone who has both your former and new home as his or her home. They will be reimbursed \$7.25/hour, any meals that are necessary at per diem rate, and lodging. It will be your responsibility to include an invoice for the labor listing the person's name(s), hours worked and the dates and times for submission with your reimbursement claim. This information will determine per diem for meals and receipt for lodging if appropriate. It is preferred that you pay the helpers and MSU reimburse you. An amount less than \$600 will not be reported to The IRS.

•**When you submit your moving expenses, please list dates and times you traveled to house hunt and/or when you were actually moving.** Meal reimbursement will be based on those times.

Submit your relocation expenses to:

Julie Heard
PO Box 172230
Bozeman, MT 59717-2230

These are intended as guidelines for your consideration and are not to be construed as tax advice. In the case of any discrepancies between these guidelines and any IRS rule or publication, the employee should rely only on the IRS rules and publications.

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