



STATE CONTROLLER'S OFFICE – BULLETIN 05-02-2018

Wisconsin Department of Administration – Division of Executive Budget and Finance

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Employee Moving Reimbursement/Payment Changes

The Tax Cuts and Job Act passed by the Federal Government changes how moving reimbursements/payments must be treated. Moving expenses are no longer a deductible expense on an employee's tax return. (The only exception to this is military personnel on active duty that move pursuant to a military order.) Effective for all moves that occur on or after January 1, 2018 all reimbursement/payments for employee moves are considered taxable income to the employee and are subject to applicable income and employment taxes. Moves that occur prior to January 1, 2018 but are reimbursed in CY2018, or later, are not affected by this change. Employees should continue to use the appropriate expense type for these moves as they have in the past. The old expense types will still be available for any moves that have a CY17 date or earlier on the expense line in the ER.

To implement this new requirement the following changes should be made.

Agencies should no longer pay vendors directly for employee moves nor should the moving costs be charged on a p-card. The employee should pay the moving costs and claim reimbursable expenses on an expense report (ER). This enables the payroll system to add the moving costs to the employee's taxable income for W-2 reporting and withhold the necessary taxes from the reimbursement.

CY18 Moves That Have Not Been Reimbursed/Paid

For moves that occur in CY2018 or later that have not yet been reimbursed there are 5 moving expense types that can be selected on the ER. All of these expense types are classified as taxable reimbursements. Some of these expense types are new and effective dated in STAR for 1/1/2018. Others are existing expense types that were previously considered taxable reimbursements and have an effective date of 1/1/1901. Any moving expenses being claimed by the employee on their ER must be classified using one or more of these expense types. For example, U-Haul rentals for self-moves should not be coded to the vehicle rental expense type but should be coded to the Self Moving Fees >CY2017 expense type. Using the incorrect expense type could result in a taxable reimbursement being identified as non-taxable.

The moving expense types that are available for moves occurring in CY2018 or later are as follows:

Eff Date	Type	Description	Account	Group
1/1/2018	Move10	Self Moving Fees >CY17	7330000	Move
1/1/2018	Move11	Hired Moving Fees >CY17	7330000	Move
1/1/1901	Move05	Temporary Lodging	7330000	Move
1/1/1901	Move07	Moving Stipend - Taxable	7330000	Move
1/1/2018	Move09	Relocation Mileage >CY17	7330000	Move



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All of these expense types are classified as taxable reimbursements. Mileage is no longer split between a taxable and nontaxable expense type because all of it is taxable. The stipend is now taxable even if the employee provides documentation on the use of the stipend.

CY2018 Moves That Have Already Been Reimbursed/Paid

For moves that occurred in CY2018 that have already been reimbursed/paid it is necessary to adjust these amounts to classify them as taxable reimbursements/payments and necessary withholdings must be deducted. Agencies should review moving reimbursements/payments (including amounts paid directly to the moving vendor or charged on a p-card) that have already been processed in CY2018 and identify any CY2018 moves that were coded to a nontaxable expense type. Once these have been identified this information should be e-mailed to Kim Sell (kim.sell@wisconsin.gov) in SCO so we can identify the best way to make the necessary adjustments based on the circumstances in each instance.

If you have any questions, contact either Kim Sell or Jim Behrend.

The Employee Travel section of the Wisconsin Accounting Manual is in the process of being updated to reflect the change in moving reimbursement rules.