Relocation Allowances

§ 302–17.8

Y = total WTA's paid in Year 1

Example:
If:
X = .3903
W = .3448
R = $21,800
Y = $5,450
Then:

\[ Z = \frac{.3903}{1.00-.3448} \times (21,800) - \frac{1.00-.3903}{1.00-.3448} \times (5,450) \]

Z = .5957($21,800) - .0614($9,250)
Z = $12,986.26

(2) There may be instances when a WTA was not paid in Year 1 at the time moving expense reimbursements were made. In cases where there is no WTA to be deducted, the value of “Y” is zero and the formula stated in paragraph (f)(1) of this section, for calculating the amount of the RIT allowance (Z) due the employee in Year 2 may be solved as shown in the following example:

Example:
If:
X = .3903
W = .3448
R = $21,800
Y = Zero
Then:

\[ Z = \frac{.3903}{1.00-.3448} \times (21,800) \]

Z = .5957($21,800)
Z = $12,986.26

(3) Certain States do not allow the deduction of all or part of the covered moving expenses that are deductible for Federal income tax purposes. The State gross-up to cover the additional State income tax liability resulting from the covered moving expense reimbursements received in Year 1 that are deductible for Federal income tax purposes but not for State income tax purposes is calculated in Year 2 as follows:

(i) The State gross-up is calculated by substituting the amount of covered moving expense reimbursements that are deductible for Federal income tax purposes but not for State income tax purposes into the State gross-up formula as follows:

Formula:

\[ A = \frac{S(1-F)}{1-W} \times N \]

Where:
A = State gross-up
F = Federal tax rate for Year 1
S = State tax rate for Year 1
W = CMTR for Year 2
N = covered moving expense reimbursements

Example:
If:
F = .33
S = .06
W = .3448
N = $9,250
Then:

\[ A = \frac{.06(1-.33)}{1-.3448} \times 9,250 \]

A = .0614($9,250)
A = $567.95

(ii) Add the State gross-up to the RIT allowance as calculated using the formula in paragraph (f)(1) of this section. The result is the RIT allowance adjusted for those States that do not allow moving expense deductions. Example:

RIT allowance payable in Year ...
Plus adjustment factor ...
Total ...

(4) If the amount of the RIT allowance is greater than zero, it is payable to the employee on the travel voucher as a relocation or moving expense allowance. The RIT allowance amount is included in the employee’s gross income for Year 2 and, therefore, subject to appropriate withholding taxes. (See net payment to employee in paragraph (g) of this section.) The RIT allowance amount will be reported on IRS Form...
§ 302–17.9 Responsibilities.

(a) Agency. Finance offices will calculate the amount of the gross-up for the WTA in Year 1 in accordance with procedures outlined herein and credit this amount to the employee at the time of reimbursement as provided in §302–17.7(e). The WTA will be reflected on the employee’s Form W-2 for Year 1. The RIT allowance may be calculated in Year 2 either by the employee or by the agency finance office based on information provided by the employee on the voucher, as directed by the agency’s implementing policies and procedures. In addition, agencies shall prescribe appropriate and necessary implementing procedures as provided elsewhere in this part.

(b) Employee. (1) The employee is required to submit a claim for the RIT allowance and to file the tax information for Year 1 specified in §302–17.10 with his/her agency in Year 2, regardless of whether any additional reimbursement for the RIT allowance is owed the employee. (See §302–17.7(e) for employee agreement.)

(2) If any action occurs (i.e., amended tax return, tax audit, etc.) that would change the information provided in Year 2 by the employee to his/her agency for use in calculating the RIT allowance due the employee for Year 1 taxes, this information must be provided by the employee to his/her agency under procedures prescribed by the agency. (See §302–17.10.)

(3) If the calculation of the RIT allowance results in a negative amount, the employee is obligated to repay this amount as a debt due the Government. (See §§302–17.7(e)(2) and 302–17.8(f)(5).)