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§ 302-17.10 When is an expense considered completed in a specific tax year?

A reimbursement, allowance, or direct payment to a vendor is considered completed in a specific tax year only if the money was actually disbursed to the employee or vendor during the tax year in question.

[FTR Amdt. 2014-01, 79 FR 49645, Aug. 21, 2014. Redesignated at 86 FR 73684, Dec. 28, 2021]

§ 302-17.11 Where can I find additional information and guidance on WTA and RITA?

GSA has published additional information on WTA and RITA, including the illustrations and examples of various RITA computations, in FTR Bulletins which are updated as necessary. GSA FTR Bulletins may be found at <https://gsa.gov/ftrbulletins>.

[FTR Amdt. 2020-02, 84 FR 64782, Nov. 25, 2019. Redesignated at 86 FR 73684, Dec. 28, 2021]

§ 302-17.12 How are taxes on extended TDY benefits and taxes on relocation allowances related?

(a) Taxes on extended TDY benefits are computed using exactly the same processes described in this Part for the WTA and RITA except that:

(1) The tax process for extended TDY benefits uses the term “withholding tax allowance” (WTA) in exactly the same fashion as the process for taxes on relocation allowances; however, in place of the term “relocation income tax allowance,” the tax process for extended TDY benefits uses the term “extended TDY tax reimbursement allowance” (ETTRA); and

(2) All benefits are taxable under extended TDY, so the sections of this Part that discuss which benefits are taxable and which are not have no relevance to ETTRA.

(b) See part 301-11, subpart F of this title for additional information about taxes on extended TDY benefits.

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Subpart B—The Withholding Tax Allowance (WTA)

§ 302-17.20 What is the purpose of the WTA?

The purpose of the WTA is to protect you from having to use part of your relocation expense reimbursements to pay Federal income tax withholding; it does not cover state taxes, local taxes, Medicare taxes, or Social Security taxes (see § 302-17.22(c) and (d)).

NOTE TO § 302-17.20: If your agency offers you the choice, the WTA is optional to you. See §§ 302-17.61 through 302-17.69.

§ 302-17.21 What relocation expenses does the WTA cover?

The WTA covers certain allowances, reimbursements, and/or direct payments to vendors, to the extent that each of them is taxable income. In particular, the WTA covers:

(a) En route lodging, meals and incidental expenses—Reimbursements for lodging, meals and incidental expenses while en route to the new official station for you and your immediate family member(s). (See part 302-4 of this chapter).

(b) Transportation—Transportation expenses, to include commercial air or privately owned vehicle, for you and your immediate family member(s) transferred between official stations. (See part 302-4 of this chapter).

(c) Househunting trip—Travel (including per diem and transportation) expenses for you and/or your spouse for a round trip to the new official station to seek permanent residence quarters. Househunting is covered regardless of whether reimbursed under the per diem allowance or lump sum method. (See part 302-5 of this chapter).

(d) Temporary quarters—Subsistence expenses for you and your immediate family during occupancy of temporary quarters at the old or new official station. Temporary quarters are covered regardless of whether reimbursed under the actual expense or lump sum method. (See part 302-6 of this chapter).

(e) Transportation and temporary storage of personal property—Transportation and temporary storage of

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household goods (HHG) and at Government expense for employees who transferred between official stations. (See part 302-7 of this chapter).

(f) Extended storage—Extended storage of household goods for a temporary change of station in CONUS or assignment to an isolated duty station in CONUS. (See part 302-8 of this chapter).

(g) Transportation of privately owned vehicle—Transportation of a privately owned vehicle at Government expense for employees who transferred between official stations in CONUS. (See part 302-9 of this chapter).

(h) Transportation of mobile homes and boats used as a primary residence—Expenses for transportation of a mobile home or boat in lieu of transportation of household goods to the new official station. (See part 302-10 of this chapter).

(i) Real estate—Expenses for the sale of the residence at your old official station and/or purchase of a home at your new official station, when reimbursement is made directly to you. This can also include expenses for settling an unexpired lease (“breaking” a lease) at your old official station. (See part 302-11 of this chapter. If you or a member of your immediate family do not hold full title to the home you are selling or buying, see §302-11.103 of this chapter).

(j) Relocation services company—Expenses paid by a relocation services company to the extent such payments constitute taxable income to the employee. The extent to which such payments constitute taxable income varies according to the individual circumstances of your relocation, and by the state and locality in which you reside. (See appropriate state and local tax authorities for additional information). (See also part 302-12 of this chapter).

(k) Property Management Services—Payment for the services of a property manager for renting rather than selling a residence at your old official station. (See part 302-15 of this chapter).

(l) Miscellaneous expense allowance—Miscellaneous expenses for defraying certain relocation expenses not covered

by other relocation benefits. (See part 302-16 of this chapter).

[FTR Amdt. 2020-02, 84 FR 64782, Nov. 25, 2019]

§ 302-17.22 What relocation expenses does the WTA not cover?

The WTA does not cover the following relocation expenses:

(a) Any reimbursement, allowance, or direct payment to a vendor that should not be reported as taxable income when you file your Federal tax return; this includes but is not limited to expenses for transportation of POVs for OCONUS assignments.

(b) Reimbursed expenses for extended storage of household goods during an OCONUS assignment, if reimbursement is permitted under your agency’s policy.

(c) State and local withholding tax obligations. To the extent that your state or local tax authority requires periodic (such as quarterly) tax payments, you are responsible to pay these from your own funds. Your agency reimburses you for substantially all of these payments through the RITA process, but your agency does not provide a WTA for them. If required to by state or local law, your agency may withhold these from your reimbursement.

(d) Additional taxes due under the Federal Insurance Contributions Act including Social Security tax, if applicable, and Medicare tax. Current law does not allow Federal agencies to reimburse transferees for these employment taxes on relocation benefits. However, your agency will deduct for these taxes from your reimbursements for taxable items.

(e) Home marketing incentive payment. In accordance with FTR part 302-14, your agency may not provide you either a WTA or RITA for this incentive.

(f) Any recruitment, relocation, or retention incentive payment that you receive. Any withholding of taxes for such payments is outside the scope of this regulation. Rather, it is covered by regulations issued by the Office of Personnel Management, Treasury’s Financial Management Service, and the IRS.

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(g) Any allowances, reimbursements, and/or direct payments to vendors not related to your relocation; for example, a reimbursement for office supplies would not be covered by the WTA, even if it occurred during your relocation.

[FTR Amdt. 2014-01, 79 FR 49645, Aug. 21, 2014, as amended by FTR Amdt. 2020-02, 84 FR 64782, Nov. 25, 2019]

§ 302-17.23 What are the procedures for my WTA?

(a) Your agency prepares a relocation travel authorization, which includes an estimate of the WTA and RITA, to obligate funds for your relocation.

(b) Your agency pays certain allowances to you. Your agency also pays vendors directly for other relocation expenses.

(c) Your agency instructs you as to whether to submit one voucher after you have completed your relocation or to submit vouchers at various points as your relocation progresses plus another when your relocation is completed.

(d) You submit your voucher(s) for reimbursement of certain relocation expenses.

(e) Your agency determines the extent to which each allowance, each item on your voucher(s), and each direct payment to a vendor is nontaxable or is taxable income to you under the IRC.

(f) For the taxable items, your agency calculates your WTA and any reimbursement(s) due to you in accordance with § 302-17.24. Your agency sets aside the amount of your WTA and pays the IRS as a withholding tax in accordance with IRS requirements.

§ 302-17.24 How does my agency compute my WTA?

Each time your agency pays a covered, taxable relocation expense, regardless of whether it is a reimbursement, allowance, or direct payment to a vendor, it is considered “supplemental wages” as defined in 26 CFR 31.3402(g)-1(a) (see also IRS Publication 15, Employer’s Tax Guide). You owe taxes on the WTA itself because, like most other relocation allowances, it is taxable income. To reimburse you for the taxes on the WTA itself, your agency computes the WTA by using the grossed-up withholding formula below

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and the appropriate supplemental wage rate, as specified in IRS Publication 15. This rate, along with examples of how to calculate the WTA, is published in an FTR bulletin available at <https://gsa.gov/ftrbulletins>. The formula for calculating the WTA is:

$$\text{WTA} = R / (1 - R) \times \text{Expense}$$

Where R is the withholding rate for supplemental wages.

NOTE TO § 302-17.24: Your agency must deduct withholding for FICA (Medicare and Social Security), as the WTA does not cover such expenses.

[FTR Amdt. 2020-02, 84 FR 64782, Nov. 25, 2019]

Subpart C—The Relocation Income Tax Allowance (RITA)

§ 302-17.30 What is the purpose of the RITA?

(a) The purpose of the RITA is to reimburse you for any taxes that you owe that were not adequately reimbursed by the WTA. As discussed in § 302-17.24, the WTA calculation is based on the income tax withholding rate applicable to supplemental wages. This may be higher or lower than your actual tax rate. The RITA, on the other hand, is based on your marginal tax rate, determined by your actual taxable income and filing status, which allows your agency to reimburse you for *substantially all* of your Federal income taxes. The RITA also reimburses you for any additional state and local taxes that you incur as a result of your relocation, because they are not reimbursed in the WTA process.

(b) The WTA may be optional to you. See § 302-17.61 for a discussion of criteria for choosing whether or not to accept the WTA. See §§ 302-17.62 through 302-17.69 for procedures if you choose not to accept the WTA.

[FTR Amdt. 2014-01, 79 FR 49645, Aug. 21, 2014, as amended by FTR Amdt. 2020-02, 84 FR 64783, Nov. 25, 2019]

§ 302-17.31 What are the procedures for calculation and payment of my RITA?

The procedures for the calculation and payment of your RITA depend on whether your agency has chosen to use a one-year or two-year RITA process.