

**Pt. 302-17**

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(k) Medical expenses due to illness or injuries while en route to the new official station or while living in temporary quarters at Government expense under the provisions of this chapter; or

(l) Costs incurred in connections with structural alterations (remodeling or modernizing of living quarters, garages or other buildings to accommodate privately-owned automobiles, appliances or equipment; or the cost of replacing or repairing worn-out or defective appliances, or equipment shipped to the new location).

**PART 302-17—TAXES ON  
RELOCATION EXPENSES**

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SOURCE: FTR Amdt. 2014-01, 79 FR 49645, Aug. 21, 2014, unless otherwise noted.

### § 302-17.0 General.

Use of the pronouns “I,” “you,” and their variants throughout this part refer to the employee, unless otherwise noted.

## Subpart A—General

### § 302-17.1 What special terms apply to this part?

The following definitions apply to this part:

*Allowance* means:

(1) Money paid to the employee to cover future expenses, such as the miscellaneous expense *allowance* (see part 302-16 of this chapter for information about the miscellaneous expense *allowance*);

(2) Money paid to the employee to cover past expenses, such as the relocation income tax *allowance* (RITA) under the two-year tax process described in part 302-17, subpart G; or

(3) A limit established by statute or regulation, such as the 18,000 pound net weight *allowance* for household goods shipments (see part 302-7 of this chapter for information about the 18,000 pound net weight *allowance*).

*City* means any unit of general local government as defined in 31 CFR 215.2(b).

*Combined marginal tax rate (CMTR)* means a single rate determined by combining the applicable marginal tax rates for Federal, state, and local income taxes, using the formula provided in § 302-17.40. (If you incur liability for income tax in the Commonwealth of Puerto Rico, see § 302-17.44.)

*County* means any unit of local general government as defined in 31 CFR 215.2(e).

*Gross-up* used as a noun in this part means:

(1) The process that your agency uses to estimate the additional income tax liability that you incur as a result of relocation benefits and taxes on those benefits; or

(2) The result of the *gross-up* process.

NOTE: The *gross-up* allows for the fact that every reimbursement of taxes is itself taxable. Therefore, the *gross-up* calculates the amount an agency must reimburse an employee to cover substantially all of the income taxes incurred as the result of a relocation.

*Internal Revenue Code (IRC)* means Title 26 of the United States Code, which governs Federal income taxes.

*Local income tax* means a tax imposed by a recognized city or county tax authority that is deductible for Federal income tax purposes as a *local income*