

§ 301-11.602

so long that, under the IRC the employee is no longer considered temporarily away from home during any period of employment if such period exceeds 1 year. You are no longer temporarily away from home as of the date that you and/or your agency recognize that your assignment will exceed one year. That is, as soon as you recognize that your assignment will exceed one year, you must notify your agency of that fact, and they must change your status immediately. Similarly, as soon as your agency recognizes that your assignment will exceed one year, your agency must notify you of that fact and change your status. The effective date of this status change is the date on which it was recognized that you are no longer temporarily away from home as defined in the IRC.

(a) If you believe that your temporary duty assignment may exceed one year, you should carefully study IRS Publication 463, "Travel, Entertainment, Gift, and Car Expenses," to determine whether you are or will be considered "temporarily away from home" under this provision. If you are not or will not be considered temporarily away from home under this provision, then you are on taxable extended TDY.

(b) The IRC makes an exception for certain Federal personnel involved in investigation or prosecution of a Federal crime during any period for which such employee is certified by the Attorney General (or the designee thereof) as traveling on behalf of the United States in temporary duty status to investigate or prosecute, or provide support services for the investigation or prosecution of, a Federal crime.

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§ 301-11.602 What factors should my agency consider in determining whether to authorize extended TDY?

Your agency should consider the factors discussed in § 302-3.502 of this subtitle in determining whether to authorize extended TDY.

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§ 301-11.603 What are the tax consequences of extended TDY?

(a) If you are on a taxable extended TDY assignment, then all allowances and reimbursements for travel expenses, plus all travel expenses that the Government pays directly on your behalf in connection with your TDY assignment, are taxable income to you. This includes all allowances, reimbursements, and direct payments to vendors from the day that you or your agency recognized that your extended TDY assignment is expected to exceed one year, as explained in § 301-11.601.

(b) Your agency will reimburse you for substantially all of the income taxes that you incur as a result of your taxable extended TDY assignment. This reimbursement consists of two parts:

(1) The Withholding Tax Allowance (WTA). See Part 302-17, Subpart B of this Subtitle for information on the WTA; and

(2) The "Extended TDY Tax Reimbursement Allowance" (ETTRA) (in previous editions of the FTR this was known as the "Income Tax Reimbursement Allowance").

(c) The WTA and ETTRA for taxable extended TDY assignments cover only the TDY benefits described in FTR Chapter 301, Subchapter B. On an extended TDY assignment, you are not eligible for the other benefits that you would have received if your agency had permanently relocated you.

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§ 301-11.604 What are the procedures for calculation and reimbursement of my WTA and ETTRA for taxable extended TDY?+

(a) If your agency knows from the beginning of your TDY assignment that your assignment qualifies as taxable extended TDY, then your agency will withhold an amount as a WTA and pay that as withholding tax to the IRS until your extended TDY assignment ends. The WTA itself is taxable income to you, so your agency increases, or "grosses-up," the amount of the WTA, using a formula to reimburse you for the additional taxes on the WTA.

(b) If your agency realizes during a TDY assignment that you will incur