

## Relocation Allowances

## § 302-12.112

### **§ 302-12.101 May we enter into a contract with a relocation services company for the company to provide relocation services?**

Yes, you may enter into a contract with a relocation services company for the company to provide relocation services.

### **§ 302-12.102 What contracted relocation services may we provide at Government expense?**

You may pay for contracted relocation services that are substitutes for reimbursable relocation allowances authorized throughout this chapter. For example, you may pay for homesale services as a substitute for residence sale expenses, or household goods management services as a substitute for transportation of household goods.

### **§ 302-12.103 May we separately contract for each type of relocation service?**

Yes, you may separately contract for each type of relocation service or you may combine several types of relocation services in a single contract.

### **§ 302-12.104 What is the purpose of contracting for relocation services?**

The purpose of contracting for relocation services is to improve the treatment of employees who are directed to relocate to facilitate the retention of a well-qualified workforce.

### **§ 302-12.105 Must we have a contract with a RSC that includes a comprehensive homesale program?**

No, you are not required to have a contract that includes a comprehensive homesale program (which, for this purpose, is defined as a relocation program that includes a contract with a RSC that provides for buyer value option sales, amended sales, and appraised value purchases by the RSC). However, if you do not have such a program, you must examine and evaluate the objectives and relative costs of your relocation benefits and management processes at least once every two years to determine whether a comprehensive homesale program should be part of your relocation program.

[FTR Amdt. 2011-01, 76 FR 18343, Apr. 1, 2011]

### **§ 302-12.106 What rules must we follow when contracting for a comprehensive homesale program?**

You must follow the rules contained in the Federal Acquisition Regulations (FAR) (48 CFR) and/or all other acquisition regulations applicable to your agency.

[FTR Amdt. 2011-01, 76 FR 18343, Apr. 1, 2011]

### **§§ 302-12.107—302-12.108 [Reserved]**

### **§ 302-12.109 May we require employees to participate in counseling before listing their homes?**

Yes, you may require that employees participate in counseling before listing their homes, provided this is written into your agency's relocation policy. This is a common practice in the private sector. Please note, however, that this may exclude from your homesale program any employee who lists his/her home before the relocation travel authorization is approved. If you choose to make this part of your agency policy, you should make a major, ongoing effort to inform as many of your potential transferees as possible of this policy.

[FTR Amdt. 2011-01, 76 FR 18344, Apr. 1, 2011]

### **§ 302-12.110 [Reserved]**

### **§ 302-12.111 May we require an employee to use a real estate broker specified by the RSC?**

Yes, you may require, through your contract with the RSC, that every employee enrolled in the homesale program use a real estate broker specified by the RSC. This provision is not part of the standard terms for a homesale program, but it may provide a pricing advantage in negotiations with potential RSC, as well as an opportunity for better management of the homesale process.

[FTR Amdt. 2011-01, 76 FR 18344, Apr. 1, 2011]

### **§ 302-12.112 May we require an employee to use a mortgage service provider specified by the RSC?**

No. Under the Real Estate Procedures Settlement Act (RESPA), you may not require that the employee obtain any mortgage from a lender specified by the RSC. The RSC may provide

## § 302-12.113

the employee access to multiple mortgage service providers as long as there is no use requirement, and the employee is provided a choice. Allowing the RSC to provide access to multiple providers is not part of the standard terms for a homesale program, but it may provide a pricing advantage in negotiations with potential RSCs, as well as an opportunity for better management of the homesale process.

[FTR Amdt. 2011-01, 76 FR 18344, Apr. 1, 2011]

### **§ 302-12.113 What must we do when planning, establishing, and administering a RSC contract?**

(a) When planning and establishing a RSC contract, you must structure the contract so that it provides the best possible value to the Government, considering costs, tax implications, morale, mobility, employee choice, productivity, and any other relevant considerations. For most agencies and most relocations, this structure will include the possibility of a BVO sale or an amended value sale.

(b) Once you have a RSC contract, you must monitor costs and tax consequences and make adjustments as necessary, to ensure that your homesale program continues to provide the same best value to the Government.

[FTR Amdt. 2011-01, 76 FR 18344, Apr. 1, 2011]

### **§ 302-12.114 What policies must we establish when offering our employees the services of a RSC?**

If you choose to offer the services of a RSC to your employees, you must establish policies governing:

(a) The conditions under which you will authorize an employee to use the contract with the RSC;

(b) Which employees you will allow to use the contract with the RSC;

(c) Which services the RSC will provide to the employee;

(d) Who will determine in each case if an employee may use the contract with the RSC and which services the RSC will provide;

(e) How you will monitor and evaluate the counseling provided by you and/or the RSC to your employees; and

(f) How you will monitor and maintain an appropriate balance between the three types of homesale trans-

## 41 CFR Ch. 302 (7-1-23 Edition)

actions in your homesale programs (appraised value, buyer value option, and amended value).

[FTR Amdt. 2011-01, 76 FR 18344, Apr. 1, 2011]

### **§ 302-12.115 What are the income tax consequences that we must consider when offering relocation services?**

Amounts you pay to a relocation services company on behalf of an employee may be taxable to the employee. In some cases, such as certain homesale programs, the amounts may not be taxable. You must determine the taxability of such payments, and pay a relocation income tax (RIT) allowance in accordance with part 302-17 of this chapter on payments you determine to be taxable to the employee. You may contact the: Assistant Chief Counsel (Income Tax & Accounting), Internal Revenue Service, 1111 Constitution Avenue, NW., Room 5501, Washington, DC 20224, for information on the income tax consequences of payments you make to a relocation services company.

[FTR Amdt. 98, 66 FR 58196, Nov. 20, 2001. Redesignated by FTR Amdt. 2011-01, 76 FR 18344, Apr. 1, 2011]

### **§ 302-12.116 What must we consider in deciding whether to use the fixed-fee or cost-reimbursable contracting method?**

You must consider the following factors in deciding whether to use the fixed-fee or cost-reimbursable contracting method:

(a) *Risk of alternative methods.* Under a fixed fee contract, the relocation services company bears all risks not expressly contained in the contract. Under a cost-reimbursable contract, you must assume some or all risks and, therefore, must assume some management responsibilities under the contract as well. For example, under a fixed fee homesale program you are not directly liable for losses incurred if a residence does not sell immediately, while under a cost-reimbursable homesale program you assume some or all risks of selling the residence.

(b) *Cost of alternative methods.* Under the fixed fee method of contracting, the fee includes a cost component for