

Relocation Allowances

§ 302-17.62

your payroll wages and a separate one for your taxable relocation expenses, WTA, and RITA.

§ 302-17.56 What do I do, under the one-year process, once my agency has provided my W-2(s)?

(a) You must use all W-2(s) that you have received to file your tax returns. On those returns, you must include all taxable relocation expenses shown on your W-2(s) as income, including your WTA and RITA (if any). Please note that you must also include all WTA as withholding, in addition to the standard withholding from your payroll wages.

(b) If you finished your relocation within one calendar year, and your agency paid all of your relocation reimbursements, allowances, and direct payments to vendors in the same calendar year, before the cutoff date, then your tax returns for that calendar year are the end of your relocation tax process. If, on the other hand, your agency reimburses you for relocation expenses, or pays allowances or relocation vendors on your behalf, during a second (and possibly a third) calendar year, then you and your agency repeat the process above for each of those years.

Subpart G—The Two-Year RITA Process

§ 302-17.60 How are the terms “Year 1” and “Year 2” used in the two-year RITA process?

(a) Year 1 is the calendar year in which the agency reimburses you for a specific expense, provides an allowance, or pays a vendor directly. If your reimbursements, allowances, and/or direct payments to vendors occur in more than one calendar year, you will have more than one Year 1.

(b) Year 2 is the calendar year in which you submit your RITA claim and your agency pays your RITA to you.

(c) In most cases:

(1) For every Year 1 you will have a corresponding Year 2;

(2) Every Year 2 immediately follows a Year 1; and

(3) Year 2 is the year in which you file a tax return reflecting your remaining tax liability for taxable reimbursement(s), allowance(s), and/or di-

rect payments to vendors in each Year 1.

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

§ 302-17.61 Is the WTA optional under the two-year process?

(a) Yes. If your agency makes the WTA optional to you, you may choose to not receive the WTA.

(b) When deciding whether or not to receive the WTA, you should consider the following:

(1) If you expect that your marginal Federal tax rate will be equal to or higher than the supplemental wage rate for the calendar year in which you received the majority of your relocation reimbursements, you may want to elect to receive the WTA.

(2) If you expect that your marginal Federal tax rate will be less than the supplemental wage rate for the calendar year in which you received the majority of your relocation reimbursements, you may want to decline receiving the WTA to avoid or limit possible overpayment of the WTA, the so-called “negative RITA” situation. In a “negative RITA” situation, you must repay some of the WTA in Year 2. However, even if your marginal Federal tax rate will be less than the supplemental wage rate, you may want to accept the WTA so that your initial reimbursement is larger.

(3) Examples showing relocation allowances paid by accepting or declining the WTA are published in an FTR bulletin available at <https://gsa.gov/ftrbulletins>.

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

§ 302-17.62 What information do I put on my tax returns for Year 1 under the two-year process?

(a) Your agency provides allowances to you, reimburses you for vouchers that you submit, and pays certain relocation vendors directly, all during the same calendar year, as described in subpart B of this part. Some of these reimbursements, allowances, and direct payments to vendors are taxable income to you, the employee. Your agency computes a WTA and reports that