

Relocation Allowances

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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

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withholding to the IRS for each of these that is taxable. This is Year 1 of the two-year process.

(b) If your agency makes the WTA optional to you and you have chosen not to receive the WTA, then your agency computes withholding tax for each taxable reimbursement, allowance, and direct payment, and reports that withholding to the IRS.

(c) Shortly after the end of the calendar year, your agency provides one or more W-2 forms to you. At its discretion, your agency may include all of your taxable relocation expenses and WTA (if any) in one W-2, along with your regular payroll wages, or it may provide you one W-2 for your regular payroll wages and a separate W-2 for your taxable relocation expenses and WTA (if any).

(d) At approximately the same time as your agency provides your W-2(s), it also may provide you an itemized list of all relocation benefits and the WTA (if any) for each benefit. You should use this statement to verify that your agency has included all covered taxable

items in its calculations and to check your agency's calculations.

(e) You must submit all W-2s that you have received with your Year 1 tax returns. On those returns, you must include all taxable relocation expenses during the previous year as income. Furthermore, you must include the WTA (if any) as tax payments that your agency made for you during the previous year, in addition to the regular withholding of payroll taxes from your salary.

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

§ 302-17.63 What information should I provide to my agency to make the RITA calculation possible under the two-year process?

You should provide the information required in the "Statement of Income and Tax Filing Status" shown below. This information should be taken from the income tax returns you filed for Year 1.

STATEMENT OF INCOME AND TAX FILING STATUS—TWO-YEAR PROCESS

The following information, which my agency will use in calculating the RITA to which I am entitled, was shown on the Federal, state and local income tax returns that I (or my spouse and I) filed for the 20_____ tax year.

Federal Filing status:

- | | |
|---|---|
| <input type="checkbox"/> Single | <input type="checkbox"/> Head of Household |
| <input type="checkbox"/> Married Filing Jointly | <input type="checkbox"/> Qualifying Widow(er) |
| <input type="checkbox"/> Married Filing Separately. | |

Taxable income as shown on my (our) IRS Form 1040: \$ _____

State you are moving out of: _____

Filing status for the state moving out of: _____

Marginal Tax Rate: _____%

State you are moving into: _____

Filing status for the state moving into: _____

Marginal Tax Rate: _____%

Locality you are moving out of: _____

Filing status for the locality moving out of: _____

Marginal Tax Rate: _____%

Locality you are moving into: _____

Filing status for the locality moving into: _____

Marginal Tax Rate: _____%

The above information is true and accurate to the best of my (our) knowledge. I (we) agree to notify the appropriate agency official of any significant changes to the above so that appropriate adjustments to the RITA can be made.