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

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.

Relocation Allowances

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STATEMENT OF INCOME AND TAX FILING STATUS—TWO-YEAR PROCESS—Continued
Employee's signature _____ Date _____

Spouse's signature (if filing jointly) _____

Date _____

§ 302-17.64 When should I file my "Statement of Income and Tax Filing Status" and RITA claim under the two-year process?

For the two-year process, you should file the "Statement of Income and Tax Filing Status" in Year 2, along with your RITA claim, after you file your income tax return. If your agency pays any taxable expenses covered by the WTA (if any) in more than one year, then you will have to file a new "Statement of Income and Tax Filing Status" each year. Your agency establishes the deadline each year for filing of your Statement.

§ 302-17.65 What happens if I do not file the "Statement of Income and Tax Filing Status" in a timely manner?

The WTA is an advance on your income tax expenses, thus if you don't file the "Statement of Income and Tax Filing Status" in a timely manner, your agency will require you to repay the entire amount of the withholding and WTA (if any) that the agency has paid on your behalf.

§ 302-17.66 How do I claim my RITA under the two-year process?

(a) To claim your RITA under the two-year process, you must submit a voucher and attach the "Statement of Income and Tax Filing Status," as discussed in §§ 302-17.63-302-17.65.

(b) Your voucher must claim a specific amount. However, your agency will calculate your actual RITA after you submit your RITA voucher and your "Statement of Income and Tax Filing Status;" the amount you claim on your voucher does not enter into that calculation. You should perform the RITA calculation for yourself, as a check on your agency's calculation, but you are not required to put the "right answer" on the voucher you submit to claim your RITA.

§ 302-17.67 How does my agency calculate my RITA under the two-year process?

(a) Your agency calculates your RITA after receipt of your RITA voucher.

(b) Your RITA is itself taxable income to you. To account for taxes on the RITA, your agency will gross-up your RITA by applying the CMTR to the final amount rather than the reimbursed amount.

(c) Thus, your agency calculates your RITA by multiplying the Combined Marginal Tax Rate (CMTR) (using the state and local tax tables most current at the time of the RITA calculation) by the total of all covered taxable relocation benefits during the applicable Year 1, and then subtracting your WTA(s), if any, from the same Year 1 from that total. That is:

$$RITA = \left(\left(\frac{C}{1-C} \right) \times R \right) - Z$$

Where

C = CMTR

R = Reimbursements, allowances, and direct payments to vendors covered by WTA during Year 1

Z = Total grossed-up WTAs paid during Year 1.

NOTE TO § 302-17.67(c) - If your agency offers you the choice, the WTA is optional to you. If the employee has declined the WTA, enter zero for element Z in the above calculation.