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STARS MANUAL

MOVING EXPENSES

INTRODUCTION

The State Board of Examiners has established a moving policy to ensure interagency and interdepartmental consistency, as well as providing equitable procedures for employees of the State of Idaho. This policy allows reimbursement of moving expenses for a current or newly hired employee. The moving policy and procedures can be found at the [Board of Examiner's Web site](#).

MOVING - UNDERSTANDING THE BASICS

All agencies must follow the State Board of Examiners regulations and guidelines. Be sure to attach all required documentation as your source documentation for paying the bill. Any moving expense reimbursements over \$15,000, granted by the appointing authority, must be reported in writing to the Secretary of the State Board of Examiners within 30 days of the expenditure. The policy may change periodically - please refer to the [Board of Examiner's Web site](#).

TAXABLE AND NON-TAXABLE EXPENSE REIMBURSEMENTS

Both current and prospective employees are cautioned that the federal Omnibus Budget Reconciliation Act of 1993 made some types of employer reimbursed moving expenses excludable from income under [Section 132 of the Internal Revenue Code](#). IRS classified these types as "qualified" moving expenses. Other types of reimbursable moving expenses that are not included under Section 132 are considered by IRS to be "nonqualified" moving expenses and therefore subject to employment taxes if reimbursed to the employee.

In addition, for reimbursements to qualify for exclusion from income they must meet the IRS's Time and Distance tests. The State Board of Examiners lists these tests, along with examples of the qualified and nonqualified moving expenses, in Appendix A-C of their policy. Employees are encouraged to consult with a personal tax professional for advice on the tax implications of any moving reimbursements.

TAXABLE VS. NON-TAXABLE EMPLOYEE REIMBURSEMENT

NOTE: Earnings Codes can be found in the [DSP User Manual](#) on the Division of Statewide Payroll Web site.

“NON-QUALIFIED” (TAXABLE) MOVING TO REIMBURSE THE EMPLOYEE– ‘TMV’ EARNINGS CODE

If a portion of the moving expense should be “Non-Qualified” (taxable), you should work with the Division of Statewide Payroll, Bureau of Accounting Services. You should process the taxable payments to an employee through the payroll system using the ‘TMV’ earnings code to have taxes deducted. The Division of Statewide Payroll processes the payment through their system, creating a payment to the individual. They will then automatically forward the amount and coding to STARS for posting to the financial files using the regular payroll TC 326 and expenditure subobject 5359.

“QUALIFIED” (NON-TAXABLE) MOVING TO REIMBURSE THE EMPLOYEE – ‘MOV’ EARNINGS CODE

If a portion of the moving expense should be “Qualified” (non-taxable - does qualify as non-taxable income per the IRS), you should process the expenditure directly into STARS using the normal TC 230 coding and expenditure subobject 5358. However, you must also report this payment to the Division of Statewide Payroll, Bureau of Accounting Services using the ‘MOV’ earnings code so that they can report this amount on the W-2.

TAXABLE VS. NON-TAXABLE PROCESSING – THIRD-PARTY VENDOR PAYMENT

“NON-QUALIFIED” (TAXABLE) MOVING PAID TO A THIRD-PARTY VENDOR – ‘MTF’ EARNINGS CODE

If a portion of the moving expense should be “Non-Qualified” (taxable - does not qualify as non-taxable income per the IRS), you will have to pay the vendor through STARS using the normal TC 230 and expenditure subobject 5359. However, you must also process this payment with the Division of Statewide Payroll, Bureau of Accounting Services. You should process the taxable payments to a third-party vendor through the payroll system using the ‘MTF’ earnings code to have taxes deducted from the employee. Once the Division of Statewide Payroll processes the payment through their system, they will not create a payment nor send payroll information to STARS. You have already posted the payment to STARS when you originally paid the third-party vendor with the TC 230.

“QUALIFIED” (NON-TAXABLE) MOVING PAID TO A VENDOR – NOT REPORTED TO PAYROLL

If a portion of the moving expense should be “Qualified” (non-taxable - does qualify as non-taxable income per the IRS), you should process the expenditure directly into STARS using the normal TC 230 coding and expenditure subobject 5358. Payments to vendors for the non-taxable portion are not reported on the W-2, so you should NOT report this payment to the Division of Statewide Payroll, Bureau of Accounting Services.

SOLVING COMMON PROBLEMS

If you processed a “nonqualified” (taxable) amount through STARS instead of payroll, you can enter an 'MTF' earnings code through payroll to show the amount as taxable fringe. A warrant will not generate nor postings made to STARS since you posted it when you originally paid the third-party vendor with the TC 230.

MOVING REPORTS

The Board of Examiner’s Moving Policy states that agencies shall submit a report to the Secretary of the State Board of Examiners by October 1st of each year on all moving expense reimbursements granted in the preceding fiscal year. Reports shall contain a detailed description of the expenditures by employee. Any moving expense reimbursements over \$15,000, granted by the appointing authority, must be reported in writing to the Secretary of the State Board of Examiners within 30 days of the expenditure.

Report	Description
DAFR6970	Employee Moving & Relocation Register (SCO only) Shows the agency, moving subobjects, date, employee, document number, and amount of the moving and relocation payment. Lists and totals by agency.