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HR/Benefits 2018-10

To: Human Resources Officers
Benefits Officers
Payroll Managers

Supersedes: HR/Benefits 2010-15

From: Evelyn Nazario 
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Human Resources Management

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Subject: Tax Information Changes to Moving and Relocation Expenses

Summary:

The purpose of this technical letter is to advise campuses of tax information changes to moving and relocation expenses. The tax reform bill, which was enacted on December 22, 2017, included a change to the taxability of moving and relocation expenses. As of January 1, 2018, all moving expenses paid or reimbursed by the CSU are taxable as wages to the recipient. Additionally, the federal standard mileage rate for moving expenses will increase from \$.17 per mile to \$.18 per mile, effective January 1, 2018.

Those individuals that administer moving and relocation benefits should review the remainder of this technical letter for additional information.

Action Item(s):

Implement and communicate change to the taxability of moving and relocation expenses and new moving mileage rate effective January 1, 2018

Affected Employee Group(s)/Unit(s):

All CSU employees who are authorized to be reimbursed for moving and relocation

Details:

This technical letter is written to update tax information to relating to moving and relocation expenses. The tax reform bill (H.R. 1, P.L. 115-97), which was enacted on December 22, 2017, included a change to the taxability of moving and relocation expenses. In 2017 and prior years, certain "qualified moving expenses" for new employees were excluded from gross income. As of January 1, 2018, all moving expenses paid or reimbursed by the CSU are taxable as wages to the recipient. The exclusion from gross income in [Internal Revenue Code \(IRC\) 217](#), as well as the fringe benefit rule in [132\(g\)](#), is suspended from 2018-2025. Campus moving and relocation policies may need to be updated as a result of this change. Additionally, the federal standard mileage rate for moving expenses was increased from \$.17 per mile to \$.18 per mile, effective January 1, 2018.

More specific information on the new law on taxation of all employer-paid moving costs will be made available in the next update of the SCO Payroll Procedures Manual (PPM) Section N147 on Moving Expenses.

Distribution:

Vice Chancellor, Human Resources
Vice Presidents, Administration

Please advise employees to seek tax advice regarding the potential impact of moving and relocation benefits as taxable income.

CMS Processing Instructions

This technical letter has no impact on the CMS Baseline.

General Information

Questions regarding this technical letter may be directed to Human Resources Management at (562) 951-4411. This document is available on the Human Resources Management's Website at: <https://csyou.calstate.edu/Policies/HRPolicies/Forms/Default.aspx>.

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