

Human Capital Management: Step-by-Step Guide

Moving Expenses

Moving expenses for employees paid by the university may include a lump sum moving allowance, reimbursements paid for actual moving costs, and/or university pre-paid moving expenses paid on behalf of the employee (for example, to a moving company or another vendor). The [Moving Expense Worksheet](#) aids in documenting these expenses and approvals. All moving expenses are taxable, and in order to tax the employee correctly, they must be included in an employee's paycheck. This guide describes the process to include moving expenses (pre-approved by the campus/unit) with the employee paycheck processed by ES Payroll.

Direct Payments to Moving Companies

All payments made on behalf of the employee to moving companies are considered taxable income. In order to tax correctly, this must be added to an oncycle paycheck.

All university pre-paid moving payments such as purchase orders (POs) and any procurement card transactions are pre-paid through the Procurement Service Center (PSC) on behalf of the employee.

1. When creating a PO through the CU Marketplace, departments enter the last name and employee ID of the person being moved in the description of the PO request. If an employee ID has not yet been assigned, the first and last name is sufficient. (The department ID and the request name are separate fields and are required.) Similarly, for procurement card transactions, use the Comments field to document the employee's information.)
2. The department enters all payments made by the PSC (both POs and procurement cards) in CU Time in the **ONCYCLE** with the earnings code **MVA**. Refer to Moving Expense Worksheet for total.
Warning: If an entry is made in the OFFCYCLE, there will be no earnings to tax the employee. Therefore, the employee will owe the IRS the tax when they file their annual tax return.
3. The department emails the completed Moving Expense Worksheet packet to HCM_Community@cu.edu when MVA entries are processed through CU Time.
4. ES reconciles reports from the PSC with CU Time entries.

Note: Payments made directly to moving companies (MVA) are taxed at the W-4 rate rather than the supplemental rate.

Taxing an Employee Over Multiple Paychecks

Moving expenses paid directly to a company through a PO or procurement card can be taxed to the employee over multiple paychecks within the same tax year. The earnings code for all direct payments, MVA, taxes at the W-4 rate. This is an available option and is not required.

For example, for a total MVA of \$30,000, a department wants to spread the taxes over three paychecks.

- The payroll liaison enters three entries in CU Time on the same day:
 - MVA \$10,000 10/1 – 10/31
 - MVA \$10,000 11/01 – 11/30
 - MVA \$10,000 12/01 – 12/31

The **Offcycle** checkbox is unchecked for each entry.

The system picks up each entry and processes it with the corresponding oncycle as they occur as long as the employee is active and in paying status for each of the earnings dates entered.

Note: All entries must be entered in the same tax year.

Providing a Lump Payment Moving Allowance to the Employee

All moving allowances are taxable and need to be added to the employee's taxable earnings as additional pay.

1. Complete the [Additional Pay Form](#) according to campus business process.
2. Departments enter the earnings code **MVT** in CU Time with the amount of the flat moving allowance. Refer to Moving Expense Worksheet for total.
3. The moving allowance (MVT) will be taxed at the supplemental tax rate.

Reimbursing an Employee for Actual Costs of Moving Expenses

All moving reimbursements are taxable and need to be added to the employee's taxable earnings as additional pay.

1. Complete the [Additional Pay Form](#) according to campus business process.
2. Departments enter the earnings code **MVT** in CU Time with the amount of the reimbursement that will be taxed at the supplemental tax rate. Refer to [Moving Expense Worksheet](#) for total.