



University of Pittsburgh

Financial Operations
Payroll Department

207P Craig Hall
Pittsburgh, Pennsylvania 15260
412-624-7000, Option 3

Moving Expense Reimbursements

The University of Pittsburgh may reimburse an employee or pay a third party directly for moving expenses incurred while relocating to a new work location. **Beginning with tax year 2018, all moving expenses paid on behalf of employees are taxable for federal income tax, social security tax, and Medicare tax.** These payments may also be taxable for Pennsylvania state and local income tax based on the payment type.

Moving expense payments are reported to the Payroll Department by Payment Processing, the Travel Department, or other departments that pay moving expenses on behalf of an employee. The full amount is added to an employee's gross earnings in a subsequent pay period and applicable taxes are withheld based on the individual's current tax rates. The amount added to gross earnings will appear in the Taxable Fringe Benefit section on pay statements as "Moving Expense" and/or "PA Qual Mve Exp" depending on the portion excluded from Pennsylvania state and local income tax withholding which is described below.

Pennsylvania Qualified Moving Expenses (PA Qual Mve Exp):

Qualified moving expenses meet the criteria stated in the [Pennsylvania Personal Income Tax Guide](#), chapter 7, section VII-D, Unreimbursed Employee Expenses. These nontaxable expenses are paid by the employee and reimbursed by the University. They are added to the employee's gross earnings and accounted for on the employee's individual income tax returns.

Pennsylvania state, city and school taxes are not withheld. The amount added to gross earnings will appear in the Taxable Fringe Benefit section on pay statements as "PA Qual Mve Exp."

Pennsylvania Nonqualified Moving Expenses

Nonqualified moving expenses do not meet the criteria stated in the [Pennsylvania Personal Income Tax Guide](#), chapter 7, section VII-D, Unreimbursed Employee Expenses. For tax purposes, there are two types of nonqualified moving expenses - taxable reimbursements and third party payments.

1. Taxable Reimbursements:

Taxable reimbursements are paid by the employee, reimbursed by the University, and added to the employee's gross earnings. Pennsylvania state, city and school taxes are withheld. The amount added to gross earnings will appear in the Taxable Fringe Benefit section on pay statements as "Moving Expense."



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Examples of taxable moving expense reimbursements:

- House hunting trips
- Temporary lodging more than one night after arrival
- Storage costs of household goods over 30 days
- Additional trips back to old residence

2. Taxable Third-Party Payments:

These expenses are paid directly to a third party by the University. They are not reportable or withholdable for Pennsylvania state, city, and school taxes. The amount added to gross earnings will appear in the Taxable Fringe Benefit section on pay statements as "Moving Expense."

If an employee believes all or part of his qualified or nonqualified moving expenses are an allowable deduction and should not be taxable for Pennsylvania state or local income tax, they can claim a deduction on their tax return using PA Schedule UE.

Sample Calculation of Common Moving Expenses					
Nonqualified Moving Expenses					PA Qualified Moving Expenses
Nonqualified Moving Expenses	Amount	Federal taxable and withholdable	Social Security and Medicare taxable and withholdable	State and local taxable and withholdable	State and local reportable only (no tax withheld)
House hunting trip	\$1,000	\$1,000	\$1,000	\$1,000	
Temporary lodging> 1 night after arrival	\$125	\$125	\$125	\$125	
Additional trips to old residence	\$250	\$250	\$250	\$250	
Storage more than 30 days	\$475	\$475	\$475	\$475	
Moving company paid directly by University	\$2,000	\$2,000	\$2,000		
Total Nonqualified Moving Expenses	\$3,850	\$3,850	\$3,850	\$1,850	
PA Qualified Moving Expenses					
Moving company/Van/U-Haul	\$2,500	\$2,500	\$2,500		\$2,500
Personal vehicle mileage during actual move	\$125	\$125	\$125		\$125
Lodging during travel to new residence	\$200	\$200	\$200		\$200
One-way airfare during actual move	\$300	\$300	\$300		\$300
Storage up to 30 days	\$550	\$550	\$550		\$550
Total PA Qualified Moving Expenses	\$3,675	\$3,675	\$3,675		\$3,675

Payroll must tax in the month this benefit was received by the employee per "Moving expense reimbursements. P.L. 115-97, Tax Cuts and Jobs Act". This Act suspends the exclusion for qualified moving expense reimbursements from your employee's income for tax years beginning after 2017 and before 2026. **Income is constructively received when an amount is credited to their account or made available to the individual without restriction.** Income must be taxed in the year the reimbursement is made to the individual.