

Relocation Allowances

§ 302-11.3

302-11.12 Advance of funds.

302-11.13 Source references.

APPENDIX A TO PART 302-11—FEDERAL TAX TABLES FOR RIT ALLOWANCE

APPENDIX B TO PART 302-11—STATE TAX TABLES FOR RIT ALLOWANCE

APPENDIX C TO PART 302-11—FEDERAL TAX TABLES FOR RIT ALLOWANCE—YEAR 2

APPENDIX D TO PART 302-11—PUERTO RICO TAX TABLES FOR RIT ALLOWANCE

AUTHORITY: 5 U.S.C. 5738; 20 U.S.C. 905(a); E.O. 11609, 36 FR 13747, 3 CFR, 1971-1975 Comp., p. 586.

SOURCE: 54 FR 20332, May 10, 1989, unless otherwise noted.

§ 302-11.1 Authority.

Payment of a relocation income tax (RIT) allowance is authorized to reimburse eligible transferred employees for substantially all of the additional Federal, State, and local income taxes incurred by the employee, or by the employee and spouse if a joint tax return is filed, as a result of certain travel and transportation expenses and relocation allowances which are furnished in kind, or for which reimbursement or an allowance is provided by the Government. Payment of the RIT allowance also is authorized for income taxes paid to the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the U.S. possessions in accordance with a decision of the Comptroller General of the United States (67 Comp. Gen. 135 (1987)). The RIT allowance shall be calculated and paid as provided in this part.

[FTR Amdt. 30, 58 FR 15437, Mar. 23, 1993]

§ 302-11.2 Coverage.

(a) *Eligible employees.* Payment of a RIT allowance is authorized for employees transferred on or after November 14, 1983, in the interest of the Government from one official station to another for permanent duty. The effective date of an employee's transfer is the date the employee reports for duty at the new official station as provided in § 302-1.4(l).

(b) *Individuals not covered.* The provisions of this part are not applicable to the following individuals or employees:

- (1) New appointees;

(2) Employees assigned under the Government Employees Training Act (see 5 U.S.C. 4109); or

(3) Employees returning from overseas assignments for the purpose of separation.

[54 FR 20332, May 10, 1989, as amended by FTR Amdt. 17, 56 FR 23658, May 23, 1991; FTR Amdt. 26, 57 FR 28636, June 26, 1992]

§ 302-11.3 Types of moving expenses or allowances covered and general limitations.

The RIT allowance is limited by law as to the types of moving expenses that can be covered. The law authorizes reimbursement of additional income taxes resulting from certain moving expenses furnished in kind or for which reimbursement or an allowance is provided to the transferred employee by the Government. However, such moving expenses are covered by the RIT allowance only to the extent that they are actually paid or incurred, and are not allowable as a moving expense deduction for tax purposes. The types of expenses or allowances listed in paragraphs (a) through (i) of this section, are covered by the RIT allowance within the limitations discussed.

(a) *En route travel.* Travel (including per diem) and transportation expenses of the transferred employee and immediate family for en route travel from the old official station to the new official station. (See part 302-2.)

(b) *Household goods shipment.* Transportation (including temporary storage) expenses for movement of household goods from the old official station to the new official station. (See part 302-8.)

(c) *Nontemporary storage expenses.* Allowable expenses for nontemporary storage of household goods belonging to an employee transferred on or after November 14, 1983, through October 11, 1984, to an isolated location in the continental United States. (See § 302-9.1.) Nontemporary storage expenses are not covered by the RIT allowance for transfers on or after October 12, 1984. (See § 302-11.4(c).)

(d) *Mobile home movement.* Expenses for the movement of a mobile home for use as a residence when movement is authorized instead of shipment and

temporary storage of household goods. (See part 302-7.)

(e) *Househunting trip.* Travel (including per diem) and transportation expenses of the employee and spouse for one round trip to the new official station to seek permanent residence quarters. (See part 302-4.)

(f) *Temporary quarters.* Subsistence expenses of the employee and immediate family during occupancy of temporary quarters. (See part 302-5.)

(g) *Real estate expenses.* Allowable expenses for the sale of the residence (or expenses of settlement of an unexpired lease) at the old official station and for purchase of a home at the new official station for which reimbursement is received by the employee. (See part 302-6.)

(h) *Miscellaneous expense allowance.* A miscellaneous expense allowance for the purpose of defraying certain expenses associated with discontinuing a residence at one location and establishing a residence at the new location in connection with an authorized or approved permanent change of station. (See part 302-3.)

(i) *Relocation services.* Payments, or portions thereof, made to a relocation service company for services provided to a transferred employee (see part 302-12), subject to the conditions stated in this paragraph and within the general limitations of this section applicable to other covered expenses.

(1) *For employees transferred on or after November 14, 1983, through October 11, 1984.* The amount of a broker's fee or real estate commission, or other real estate sales transaction expenses which normally are reimbursable to the employee under §302-6.2 but have been paid by a relocation service company incident to an assigned sale from the employee, provided that such payments constitute income to the employee. For the purposes of this regulation, an assigned sale occurs when an employee obtains a binding agreement for the sale of his/her residence and assigns the inherent rights and obligations of that agreement to a relocation company that is providing services under contract with the employing agency. For example, if the employee incurs an obligation to pay a specified broker's fee or real estate commission under the

terms of the sales agreement, this obligation along with the sales agreement is assigned to the relocation company and may, upon payment of the obligation by the relocation company, constitute income to the employee. (See §302-12.7 entitled "Income tax consequences of using relocation companies.")

(2) *For employees transferred on or after October 12, 1984.* Expenses paid by a relocation company providing relocation services to the transferred employee pursuant to a contract with the employing agency to the extent such payments constitute income to the employee. (See §302-12.7.)

NOTE: See reference shown in parentheses for reimbursement provisions for each allowance listed in paragraphs (a) through (i) of this section. See section 217 of the Internal Revenue Code (IRC) and Internal Revenue Service (IRS) Publication 521 entitled "Moving Expenses" and appropriate State and local tax authority publications for additional information on the taxability of moving expense reimbursements and the allowable tax deductions for moving expenses.

[54 FR 20332, May 10, 1989, as amended by FTR Amdt. 26, 57 FR 28636, June 26, 1992]

§302-11.4 Exclusions from coverage.

The provisions of this part are not applicable to the following:

(a) Any tax liability that may result from payments by the Government to relocation companies on behalf of employees transferred on or after November 14, 1983, through October 11, 1984, other than the payments for those expenses specified in §302-11.3(i)(1).

(b) Any tax liability incurred for local income taxes other than city income tax as a result of moving expense reimbursements for employees transferred on or after November 14, 1983, through October 11, 1984. (See definition in §302-11.5(b).)

(c) Any tax liability resulting from reimbursed expenses for any non-temporary storage of household goods except as specifically provided for in §302-11.3(c).

(d) Any tax liability resulting from paid or reimbursed expenses for shipment of a privately owned automobile.

(e) Any tax liability resulting from an excess of reimbursed amounts over the actual expense paid or incurred.