

	Marginal tax rate		Single filing status		Any other filing status	
	Percent		Over	But not over	Over	But not over
12 .....						\$25,000
18 .....				\$25,000		
31 .....		\$25,000	50,000		\$25,000	50,000
33 .....		50,000			50,000	

[FTR Amdt. 30, 58 FR 15438, Mar. 23, 1993, as amended by FTR Amdt. 35, 59 FR 10997, Mar. 9, 1994; FTR Amdt. 43, 60 FR 2536, Jan. 10, 1995; FTR Amdt. 46, 61 FR 3840, Feb. 2, 1996; FTR Amdt. 57, 62 FR 8176, Feb. 24, 1997; FTR Amdt. 71, 63 FR 14639, Mar. 26, 1998; FTR Amdt. 80, 64 FR 17108, Apr. 8, 1999]

## PART 302-12—USE OF A RELOCATION SERVICES COMPANY

### Subpart A—Agency's Use of a Relocation Services Company

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AUTHORITY: 5 U.S.C. 5738 and 20 U.S.C. 905(c).

SOURCE: FTR Amdt. 62, 62 FR 13766, Mar. 21, 1997, unless otherwise noted.

### Subpart A—Agency's Use of a Relocation Services Company

NOTE TO SUBPART A: Use of the pronouns "we" and "you" throughout this subpart refers to the agency.

#### §302-12.1 What are "relocation services"?

"Relocation services" are services provided by a private company under a contract with an agency to assist a transferred employee in relocating to

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the new official station. Examples include homesale programs, home marketing assistance, home finding assistance, and property management services.

### **§302-12.2 May we enter into a contract with a relocation services company for the company to provide relocation services?**

Yes.

### **§302-12.3 What contracted relocation services may we provide at Government expense?**

You may pay for contracted relocation services that are a substitute for reimbursable relocation allowances authorized throughout this chapter. For example, you may pay for homesale services as a substitute for residence sale expenses, or household goods management services as a substitute for transportation of household goods.

### **§302-12.4 May we separately contract for each type of relocation service?**

Yes, or you may combine several types of relocation services in a single contract.

### **§302-12.5 What is the purpose of contracting for relocation services?**

To improve the treatment of employees who are directed to relocate to facilitate the retention of a well-qualified workforce.

### **§302-12.6 How must we administer a relocation services contract?**

You must balance the positive effects that availability of relocation services has on employee mobility and morale with any increased costs your agency may experience as a result of providing relocation services.

### **§302-12.7 What policies must we establish when offering our employees the services of a relocation services company?**

You must establish policies governing:

- (a) The conditions under which you will authorize an employee to use a relocation services company;
- (b) Which employees you will allow to use a relocation services company;
- (c) What relocation services you will offer an employee; and

(d) Who will determine in each case if an employee may use a relocation services company and what services will be offered.

### **§302-12.8 What rules must we follow when contracting for relocation services?**

The rules contained in the Federal Acquisition Regulations (FAR) (48 CFR) and/or other procurement regulations applicable to you.

### **§302-12.9 What are the income tax consequences that we must consider when offering relocation services?**

Amounts you pay to a relocation services company on behalf of an employee may be taxable to the employee. In some cases, such as with certain homesale programs, the amounts may not be taxable. You must determine the taxability of such payments, and pay a relocation income tax (RIT) allowance in accordance with part 302-11 of this chapter on payments you determine to be taxable to the employee. You may contact the Assistant Chief Counsel (Income Tax & Accounting), Internal Revenue Service, 1111 Constitution Avenue, NW., Room 5501, Washington, DC 20224, for information on the income tax consequences of payments you make to a relocation services company.

### **§302-12.10 What must we consider in deciding whether to use the fixed-fee or cost-reimbursable contracting method?**

You must consider the following factors in deciding which contracting method to use:

- (a) *Risk of alternative methods.* Under a fixed fee contract, the relocation services company bears all risks not expressly contained in the contract. Under a cost-reimbursable contract, you must assume some or all risks and, therefore, must assume some management responsibilities under the contract as well. For example, under a fixed fee homesale program you are not directly liable for losses incurred if a residence does not sell immediately, while under a cost-reimbursable homesale program you assume some or all risks of selling the residence.