

Moving Allowance Reimbursement

Effective January 1, 2018 moving allowances are now subject to payroll taxes.

Prior to the tax changes these payments were able to be submitted to accounts payable for reimbursement directly to the employee or vendor/moving company.

Reimbursements can still be paid directly to the moving company through accounts payable. In this case, accounts payable will notify payroll of the payment amount. Payroll will include the payment in the employee's taxable wages as it is a taxable reimbursement.

The process for reimbursing an employee for moving allowances will require a bonus ISR to be processed by the department.

There are 3 wage types related to moving reimbursements. The wage type is determined based on whether the department wishes to pay the tax on the employee's behalf or whether accounts payable paid the vendor directly.

Moving Allowance Wage Types

3035 – Moving Allowance Tax

3038 – Non Cash (NC) Moving Allowance/Tax

3G78 – Moving Allowance Gross Up

Wage Type 3035 – Moving Allowance Tax will add the payment to the employees' wages which is subject to payroll taxes.

Example:

A \$10,000 reimbursement using wage type 3035 would result in the employee paying the taxes. Tax amounts are for illustration only and not meant to represent actual tax.

Reimbursement Amount	\$10,000
Taxes	\$4,000
Net amount to employee	\$6,000

Moving Allowance Reimbursement

Wage Type 3G78 – Moving Allowance Gross Up will pay and gross up the amount of the payment to cover the taxes. The department budget will be responsible for the taxes. This must be paid on a current payroll.

Example:

A \$10,000 reimbursement using wage type 3G78 would result in the department paying the taxes on the employee's behalf. Tax amounts are for illustration only and not meant to represent actual tax.

Please note: the department would be charged \$15,000 in order for the employee to net the \$10,000.

Reimbursement Amount	\$15,000
Taxes	\$5,000
Net Amount to Employee	\$10,000

Wage Type 3038 – NC Moving Allowance/Tax

If a vendor is paid directly from accounts payable, the employee is still subject to payroll withholding for taxes. The amount of the reimbursement will be added to the employee's wages to be taxed. This amount is never paid out.

An email from accounts payable should be sent to HRSS at:

HRSS-UnivClients@jhu.edu

The email should include: Name, Prrnr, Wage Type 3038, Amount and Date.

Questions

Contact HR Shared Services at 443-997-5828 or HRSS-UnivClients@jhu.edu