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To: CSU Presidents

**Supersedes:** HR 2018-07

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Acting Vice Chancellor for Human Resources

Supersedes: HR 2018-07  
Reference: HR/Benefits 2022-19  
HR/Salary 2022-21

**Subject:** Policy Update – CSU Internal Procedures Governing Payment or Reimbursement for Moving and Relocation Expenses

The purpose of this memorandum is to inform you that the systemwide policy and guidelines for payment or reimbursement of moving and relocation expenses, the [CSU Internal Procedures Governing Payment or Reimbursement for Moving and Relocation Expenses](#), has been updated and published in the [CSU Policy Library](#). All CSU bargaining units were provided the opportunity to meet and confer over the policy changes prior to its publication.

This policy applies to individuals who must relocate due to the acceptance of a position with the CSU, under specified circumstances. Below is a summary of the updates.

Individuals who administer these benefits should review the [CSU Internal Procedures Governing Payment or Reimbursement for Moving and Relocation Expenses](#) for additional information. Campuses are required to review and update their campus procedures to adhere to these policy guidelines.

## Summary

The tax reform bill (H.R. 1, P.L. 115-97) enacted in 2017 included a change to the taxability of moving and relocation expenses. Previously, Internal Revenue Code (IRC) 217 and fringe benefit rule 132(g) authorized certain “qualified moving expenses” for new employees to be excluded from gross income. IRC 217 and fringe benefit rule 132(g), have been suspended in connection with tax years 2018 to 2025. Effective January 1, 2018, all moving expenses paid or reimbursed by the CSU are considered taxable wages **for federal income tax purposes**. Reimbursement for moving and relocation expenses remain tax exempt for California tax purposes.

The following updates have been made to the policy:

- Campuses now have the option of issuing payment for reasonable estimated moving and relocation expenses without requiring supporting documentation. [HR/Salary 2022-21](#) and [HR/Benefits 2022-19](#) provide information on the new earnings ID established for processing these payments through the system. Unsubstantiated payments are, however, not considered “qualified moving expenses” and are therefore considered taxable income under both California and federal tax law.

Whether the campus offers payment for estimated moving and relocation expenses without substantiation (taxable under California and federal law), or reimbursement for actual moving and relocation expenses with supporting documentation (taxable under federal law only), those funds must be used for expenses allowed by the policy.

- Campuses may authorize the delayed utilization of authorized payment or reimbursement for moving and relocation expenses by up to 12 months for compelling reasons.
  - Monetary threshold requirements have been updated and incorporated into the policy.

- Several sections within the policy have been edited to address the new option to issue payment for reasonable estimated moving and relocation expenses, and to otherwise clarify the policy.

Processing instructions relating to the taxation of non-qualified moving and relocation expenses, [HR/Salary 2022-21](#) and [HR Benefits 2022-19](#) will be provided to campus benefits and payroll managers.

LDF/aa