

November 27, 2018

**Federal Travel Regulation
GSA Bulletin FTR 19-02**

TO: Heads of Federal Agencies

SUBJECT: Relocation Allowances – Taxes on Travel, Transportation, and Relocation Expenses

1. What is the purpose of this bulletin? This bulletin provides supplementary information to agency travel and relocation program managers regarding changes to relocation allowances based on the recent Federal tax law changes. Until the U.S. General Services Administration (GSA) issues a Federal Travel Regulation (FTR) amendment regarding the new tax changes, Federal agencies should continue to rely on FTR Bulletin 18-05, dated May 14, 2018 and this FTR bulletin for further relocation entitlement guidance.
2. What is the effective date of this bulletin? This bulletin is effective retroactively from January 1, 2018, and will remain in effect until explicitly cancelled or superseded.
3. What is the background of this bulletin? Public Law 115-97, known as the “Tax Cuts and Jobs Act of 2017,” suspended qualified moving expense deductions along with the exclusion for employer reimbursements and payments of moving expenses effective January 1, 2018 for tax years 2018 through 2025. GSA issued FTR Bulletin 18-05, dated May 14, 2018, which provided information to agencies on the new tax changes effecting relocation entitlements. However, the bulletin instructed agencies to await further guidance regarding employees who relocated prior to the new tax changes and had payments after January 1, 2018. On September 21, 2018, the Department of Treasury Internal Revenue Service (IRS) issued IRS Notice 2018-75 regarding the tax treatment of employer reimbursements of qualified moving expenses incurred by employees who relocated prior to January 1, 2018. Further, the IRS issued a memorandum to GSA on November 16, 2018, regarding relocation expenses in conjunction with extended storage and transportation of privately owned vehicles. IRS Notice 2018-75 and additional information can be reviewed at www.irs.gov.
4. To whom does this bulletin apply? This bulletin applies to employees identified in FTR § 302-1.1 who are authorized relocation reimbursements under the FTR and who receive some or all reimbursements, direct payments, or indirect payments on or after January 1, 2018.
5. What is the tax treatment of reimbursements for moving expenses in connection with a relocation that occurred prior to January 1, 2018? IRS states, in Notice 2018-75, that

the suspension on qualified moving expense deductions applies only to payments or reimbursements for expenses incurred in connection with moves that occurred after December 31, 2017. Thus, if an individual moved in 2017 and the expense(s) for the move would have been deductible by the individual prior to the amendments made by Public Law 115-97 had the expense(s) been paid directly by the individual in 2017, and the individual did not deduct the moving expense(s), then the amount received (directly or indirectly) in 2018 by the individual from an employer as payment for or reimbursement of the expenses is considered a qualified moving expense reimbursement, and the payment or reimbursement of the expense(s) is excludable from income as a qualified moving expense reimbursement (i.e., tax exempt).

Along with the current taxable travel, transportation and relocation expenses under FTR, Chapter 302, this FTR bulletin clarifies the following:

a. If an employee relocated before January 1, 2018, non-taxable reimbursements for relocation expenses incurred before January 1, 2018 remain non-taxable, even if the reimbursement is actually paid in 2018 or later. Per the IRS Notice, payments will be excluded from the employee's income and will not be subject to additional tax liability if those expenses would have been deductible by the employee prior to the amendments made by Public Law 115-97 had the employee paid them directly in 2017 or earlier.

b. If an employee relocated before January 1, 2018, reimbursements for relocation expenses listed in paragraph 5 of FTR Bulletin 18-05 incurred after December 31, 2017 will be included as employee income and will be subject to additional tax liability. The date that an expense is incurred will be determined by the dates for services specified on receipts or other documentation.

c. Employees who relocated on or after January 1, 2018 should refer to FTR Bulletin 18-05, which lists new additional taxable relocation entitlements. Employees reimbursed for those entitlements, either as a direct payment or indirect payment, in 2018 or later, will be subject to taxes for those payments. This FTR bulletin does not change the relocation entitlement tax liability for employees who relocated on or after January 1, 2018.

Note: Agencies should review documentation such as receipts, invoices, or the employee's voucher(s) to determine whether each particular relocation expense is include or excluded from gross income.

6. What is the tax treatment of reimbursements for extended storage and transportation of a privately owned vehicle (POV)? The IRS has determined payment for extended storage of household goods for employees assigned to locations Outside the Continental United States (OCONUS) will remain excluded from gross income and exempt from taxation. Additionally, transportation of an employee's POV to, from, and between the continental United States (CONUS) and a post of duty *outside* the continental United States, or between posts of duty OCONUS will remain excluded from gross income and exempt from taxation. Transportation of an employee's POV within CONUS, however, will be included in the employee's gross income and subject to tax liability for those payments.

7. What should agencies do? Agencies should update internal relocation policies and reimbursement procedures regarding changes to the tax code documented in FTR Bulletin 18-05 and in this FTR Bulletin 19-02.

8. Whom should I call for further information? For further information or clarification of content, please contact Mr. Rick Miller, Office of Government-wide Policy (M), Office of Asset and Transportation Management (MA), at (202) 501-3822 or by e-mail at travelpolicy@gsa.gov. Please cite to FTR Bulletin 19-02.

By delegation of the Administrator of General Services,

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