



Recruitment and Relocation

Policies and Procedures

These policies and procedures set forth guidelines to ensure that university funds allocated toward recruitment and relocation are appropriately approved by the hiring department and processed in compliance with university policies and Internal Revenue Service (IRS) requirements.

Disbursement Control and Accounts Payable

General Information: (213) 740-2281

Website: www.usc.edu/dc

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SECTION 1 ELIGIBILITY, AMOUNTS, APPROVALS, AND RELOCATION EXPENSE LETTERS

1.1 ELIGIBILITY FOR RELOCATION EXPENSE PAYMENTS

All or part of a new faculty or staff member's relocation expenses may be paid for or reimbursed by the university, when such an incentive assists the university in attracting highly qualified candidates.

- **ELIGIBILITY** -- Eligibility for payment of relocation expenses is determined by the hiring department, and may be extended to include dependents, spouses, and/or significant others. Eligibility is not based on position or title. Eligibility is based on the department's need to use relocation expense payments as a recruitment tool;
- **AMOUNTS AND PACKAGE** -- Relocation amounts and package are determined and funded by the hiring department; and
- **APPROVALS** -- Relocation eligibility, amounts, and package must be approved at least one-level up from the position being filled and by the applicable Dean or Senior Business Officer.

1.2 RELOCATION EXPENSE LETTERS

Departments should use one of Disbursement Control and Accounts Payable's template relocation expense letters (www.usc.edu/dc/relocation). The template relocation expense letters can be modified by the department to reflect the particulars of each relocation package, and will accomplish the following important objectives:

- Identify which relocation expenses will be covered by the department;
- Make clear which relocation expenses are considered taxable income by the IRS (Section 2.2); and
- Explain how to process payment for relocation expenses (Section 4).

**SECTION 2
RELOCATION TAX IMPLICATIONS**

2.1 IRS DISTANCE AND TIME TESTS

In order for certain relocation expenses paid for or reimbursed by the university to be non-taxable to a new employee, the move must meet both the IRS's 'distance' and 'time' tests.

- **IRS DISTANCE TEST** – For certain relocation expenses to be non-taxable, the new job at USC must be at least fifty (50) miles farther from the candidate's former home than the old job was from the candidate's former home.
- **IRS TIME TEST** -- For certain relocation expenses to be non-taxable, the candidate must accept a full-time position that spans at least thirty-nine (39) weeks during the first twelve (12) months upon arrival at USC.

2.2 COMMON RELOCATION EXPENSES / CORRESPONDING TAX IMPLICATIONS

Charted below are common relocation expenses. If the expense was paid or reimbursed by the university, the charted tax implication will apply.

Relocation Expense	Taxed as Income?	W-2
Packing and moving household goods and personal effects	No	If processed as a reimbursement or cash advance, amount will be noted on W-2 in box 12. If paid directly by USC, amount will not be noted on W-2. The amount is not considered income.
Storing household goods or personal effects en route	No	If processed as a reimbursement or cash advance, amount will be noted on W-2 in box 12. If paid directly by USC, amount will not be noted on W-2. The amount is not considered income.
Storing household goods or personal effects once at USC	Yes, if storage is for more than 30 consecutive days	If storage is for more than 30 consecutive days, amount is reported as income on W-2 in Box 1. Subject to federal, FICA, and state taxes.
Searching for housing Consulting about relocation	Yes	Reported as income on W-2 in Box 1. Subject to federal, FICA, and state taxes.
Lodging en route	No	If processed as a reimbursement or cash advance, amount will be noted on W-2 in box 12. If paid directly by USC, amount will not be noted on W-2. The amount is not considered income.
Lodging once in Los Angeles (or other USC work location)	Yes	Reported as income on W-2 in Box 1. Subject to federal, FICA, and state taxes.
Dining en route and dining once in Los Angeles (or other USC work location)	Yes	Reported as income on W-2 in Box 1. Subject to federal, FICA, and state taxes.
Using personal vehicle	A portion, See notes below	Portion reported as income on W-2 in Box 1. Subject to federal, FICA, and state taxes.
Using commercial transportation	A portion, See notes below	Portion reported as income on W-2 in Box 1. Subject to federal, FICA, and state taxes.

Notes about Relocation Tax Implications:

- **USE OF PERSONAL VEHICLES** -- Use of a personal vehicle when relocating is reimbursable at the university's current mileage rate (Maximum Rates: www.usc.edu/dc/maximumrates). However, the IRS has determined that only a portion of the university's reimbursable mileage rate is considered non-taxable (www.usc.edu/dc/relocation). Additionally, only mileage associated with a one-way trip, without side excursions, is considered non-taxable. More than one, one-way trip is reimbursable when a family is relocating and is using more than one car. Any round trips, side excursions, or back-and-forth travel reimbursed by the university will be reported as income on the employee's W-2 in box 1 and is subject to federal, FICA, and state taxes.
- **USE OF COMMERCIAL TRANSPORTATION** – Use of commercial transportation (airlines, trains, etc.) when relocating is reimbursable by the university, including transportation for family members. However, only one-way trips, without side excursions, are considered non-taxable. Round trips, side excursions, or back-and-forth travel between the new and former residence paid for or reimbursed by the university will be reported as income on the new employee's W-2 in box 1 and is subject to federal, FICA, and state taxes.

2.3 RELOCATION STATUS

Once the candidate has accepted the position, which is defined as the point when (i) the candidate has returned to the university the countersigned employment offer letter and all other required employment documents (i.e. arbitration and at-will agreements) and (ii) for staff positions, the university has completed successful pre-employment screening on the candidate, the candidate is no longer in recruitment status (Section 3.2). Post-acceptance expenses, such as travel expenses to find a new home or moving expenses to transfer to the new location, are considered relocation expenses.

2.4 TAX MANAGER CONSULTATION

If additional tax clarification is needed after reviewing the information contained in this policy document, contact the university's Tax Manager ([Appendix A](#)).

SECTION 3 RECRUITMENT EXPENSES

3.1 RECRUITMENT EXPENSES

Expenses associated with recruiting a new employee are considered reimbursable business expenses. Recruitment expenses require the approval of the Authorized Signer on the account.

3.2 RECRUITMENT STATUS

Until the candidate has accepted the position as defined in Section 2.3, the candidate is on recruitment status. Multiple trips back and forth to the university are acceptable for recruitment purposes.

Post-acceptance expenses, such as travel expenses to find a new home or moving expenses to transfer to the new location, are considered relocation expenses.

3.3 NO TAX IMPLICATIONS

Recruitment expenses are not taxable to the candidate.

3.4 COMPLIANCE WITH EXPENDITURE POLICIES

All recruitment expenses must comply with the university [Expenditure Policies and Procedures \(www.usc.edu/policies\)](http://www.usc.edu/policies). For example:

- Daily meal and lodging amounts may not exceed the university's maximum rates;
- Airline tickets are limited to coach class;
- If the candidate was issued a cash advance, the advance must be settled by the university's due date. Unsettled advances will be reported as income to the recipient, if candidate becomes an employee. Unsettled advances will be reported on a 1099, if the candidate does not become an employee. Cash advances should only be issued when necessary, and must be approved by the department's Senior Business Officer.

SECTION 4 PREFERRED SUPPLIERS, EXPENSE PROCESSING, AND UNIVERSITY RESOURCES

4.1 PREFERRED RECRUITMENT AND RELOCATION SUPPLIERS

To ensure a new faculty or staff employee's smooth transition to employment at the university, to minimize administrative time spent by the department, and to alleviate the need for a candidate or new employee to incur out-of-pocket expenses, departments are encouraged to use a recruitment or relocation management company under contract with the university (www.usc.edu/dc/relocation). The contracted recruitment and relocation management companies can be paid directly by the university via a Requisition / Purchase Order and can perform many administrative functions on behalf of the hiring department.

Purchasing Services also has contracts with moving companies, storage companies, and long-term housing providers that can be contacted individually. Similarly, Travel Management Services has contracts with travel agencies, airlines, rental car companies, and local hotels.

All contract suppliers that can assist with recruitment and relocation are listed on the relocation website: www.usc.edu/dc/relocation.

4.2 REQUISITIONS AND INTERNAL REQUISITIONS FOR DIRECT PAYMENTS

Requisitions / Purchase Orders should be used through Purchasing Services (*Appendix A*) to pay for recruitment and relocation management companies, moving companies, long-term / temporary housing providers, and en route storage facilities.

Internal Requisitions should be used through Travel Management Services' contract travel agency program (*Appendix A*) to pay for commercial transportation, local hotels, and rental cars.

If the expense is for relocation, the Requisitions and Internal Requisitions must be clearly identified as being for relocation. For relocation Requisitions, use object code 21400. This is necessary given tax implications on certain relocation expenses (Section 2.2). For relocation, the new hire's USC employee number or University ID must be provided on the Requisition or Internal Requisition. If no USC employee number or University ID number is available, provide the new employee's Social Security number and a current address on the first Requisition or Internal Requisition.

4.3. QUICK EXPENSE (QE) REPORTS FOR REIMBURSEMENTS AND ADVANCES

If direct payment by USC is not possible via a Requisition or Internal Requisition (Section 5.2), new employees or candidates can be reimbursed for out-of-pocket expenses and/or issued a cash advance (Petty Cash & Cash Advances: www.usc.edu/dc).

Requests to reimburse for out-of-pocket expenses or to settle a cash advance should be processed via a Quick Expense (QE) Report (WEBBAQ.QUICK). Recruitment and relocation expenses must be itemized and supported by applicable receipts.

If the expense is for relocation, the Quick Expense (QE) Report must be clearly identified as being for relocation. For relocation Quick Expense (QE) Reports, use object code 21400 This is necessary given tax implications on certain relocation expenses (Section 2.2). For assistance in establishing a new hire in the Quick Expense (QE) Report process, contact Disbursement Control & Accounts Payable.

4.4 COMPLIANCE WITH EXPENDITURE POLICIES

All relocation expenses must comply with the university Expenditure Policies and Procedures (www.usc.edu/policies). For example:

- Daily meal and lodging amounts may not exceed the university's maximum rates;
- Airline tickets are limited to coach class;
- If the candidate was issued a cash advance, the advance must be settled by the university's due date. Unsettled advances will be reported as income to the recipient, if candidate becomes an employee. Unsettled advances will be reported on a 1099, if the candidate does not become an employee. Cash advances should only be issued when necessary, and must be approved by the department's Senior Business Officer.

4.5 REVIEW BY TAX MANAGER

All Quick Expense (QE) Reports, Requisitions, and Internal Requisitions for relocation are forwarded by Disbursement Control and Accounts Payable and Purchasing Services to the university's Tax Manager for review and approval (Appendix A). If there is a tax implication, the Tax Manager will coordinate income reporting through Payroll Services. Departments may contact the Tax Manager to inquire about taxable amounts for a new employee.

4.6 ASSISTANCE FROM UNIVERSITY REAL ESTATE AND ASSET MANAGEMENT

The University's Department of Real Estate and Asset Management is also available to assist new and existing employees locate, purchase, lease or sell a home or apartment. Additionally, the department coordinates faculty loans, housing assistance loans, the neighborhood stabilization program, and the university's stipend agreement. Contact information for University Real Estate and Asset Management is provided in Appendix A.

APPENDIX A REFERENCES

The following departments are referenced in these Recruitment and Relocation Policies and Procedures. Each department provides important services related to recruiting and relocating new employees.

PAYROLL SERVICES (UNIVERSITY)

<http://ais-ss.usc.edu/empldoc/>

University Payroll Services processes all payroll checks and direct deposits. The office also has responsibility for reporting those relocation expenses identified by the University's Tax Manager as income. Contact University Payroll Services at: (213) 740-8855 (UPC - Phone) or (323) 442-2775 (HSC-Phone).

PURCHASING SERVICES

www.usc.edu/purchasing

Purchasing Services operates a centralized resource to ensure that goods and services are procured at the maximum value, in compliance with university and governmental policies, and in accordance with best practices. Purchasing Services oversees the university's recruitment and relocation contracts, including those for recruitment and relocation management companies, moving companies, temporary housing, and storage facilities. Contact Purchasing Services at: (213) 740-9794 (Phone).

DEPARTMENT OF REAL ESTATE AND ASSET MANAGEMENT

The Department of Real Estate and Asset Management is available to assist existing employees locate, purchase, lease or sell a home or apartment. The department also coordinates faculty loans, housing assistance loans, the neighborhood stabilization program and the university's stipend agreement. Contact University Real Estate and Asset Management at: (213) 821-3070 (Phone).

TAX MANAGER

<http://www.usc.edu/dept/finserv/dirtng/TaxManager.html>

The university's Tax Manager reviews all relocation reimbursements and payments to ensure compliance with all IRS regulations. Contact the Tax Manager at: (213) 821-1900 (Phone).

TRAVEL MANAGEMENT AND CORPORATE CARD SERVICES

www.usc.edu/travel

Department of Travel Management and Corporate Card Services has responsibility for negotiating travel-related supplier agreements with airlines, local hotels, rental car companies, travel agencies, etc. and facilitating payments to contact travel suppliers. Travel-related contract suppliers can be paid for via an Internal Requisition issued to a contract travel agency. Contact Travel Management and Corporate Card Services at: (213) 740-5805 (Phone).