

PCG Alert
01/25/18

Suspension of Moving Expense Deduction

Please forward this alert to those in your Organization who need this information

The 2017 Tax Cuts and Job Act (TCJA), H.R. 1 suspends the exclusion from income of employer-provided, job-related moving expenses for taxable years 2018 through 2025. Division of Accounting, Payroll Compliance Group Bulletin # **2016_001_Moving Expenses Fringe Benefits** is not applicable for calendar years 2018-2025.

During these years, all employer payments and reimbursements for moving expenses will be subject to federal income tax withholding and FICA and FUTA taxes, including payments from the State to third parties on behalf of the employee (e.g., payments to a moving company).

All payments for moving expenses paid to either a third party or reimbursements, must be reported in PHRST as **MRT (Moving Expense Reimbursement Taxable)**.

The result is a calculated imputed income figure, which is added to the employee's taxable wages for calculating Federal, State, and if applicable, Wilmington City Wage Tax, OASDI and Medicare taxes.

The IRS has not yet issued guidance on whether qualified moving expenses incurred before January 1, 2018 but paid after January 1, 2018 are eligible for exclusion from income in 2018. PCG will communicate the ruling and instructions for processing when the determination is made.

If you have any questions regarding Moving Expenses, please contact the Payroll Compliance Group at PCG.DOA@state.de.us.

PCG Alerts are posted on the DOA Website:

http://accounting.delaware.gov/payroll_comp/communications.shtml