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### PAYROLL BULLETIN (2-91)

TO: All State Agencies, Departments, Boards, Commissions  
and Universities

SUBJECT: Moving Expenses

Internal Revenue Regulations treat employer payments of moving expenses for newly hired and relocated employees as income to the employee which must be reported on form W-2. Employees may be entitled to income tax deductions for certain expenses associated with an employment-related move provided the move meets time and distance tests. In general, the move must occur within one year of an employee starting work at a new location. The employee must remain employed full-time at the new location for a minimum of 39 weeks during the first 12 months after the move. Currently, the commuting distance between the employee's former residence and a new work location must increase by at least 35 miles, as measured by the shortest of the most commonly traveled routes. Payments by State agencies for employee moving expenses will continue to be vouchered on form C-13 regardless who the payment is made to.

#### PAYROLL PROCEDURES

If it is believed that an employee will be able to deduct the moving expenses, the amount of the State paid expense must appear in column 52 of the hard copy payroll voucher. It must also appear in magnetic tape positions 370 through 376 (S9(5)v99). There should be no withholding for Federal income tax, FICA/Medicare, or retirement and is exempt from employer contributions to FICA/Medicare and retirement. This amount is subject to withholding for Illinois income tax.

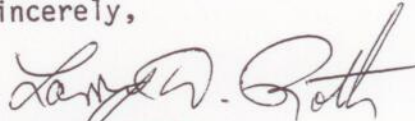
If it is believed that the employee will not be able to deduct the moving expenses, the amount of the State paid expense must appear in column 54 of the hard copy payroll voucher and in magnetic tape positions 861 through 867(S9(5)v99). This amount is subject to: (1) Federal and State income tax withholding; (2) FICA/Medicare withholding; and (3) State Employees' Retirement. It is also subject to employer contributions for FICA/Medicare and State Employees' Retirement. It is exempt from withholding and employer contributions for Judges, General Assembly, Teachers' and University retirement contributions.

Agencies which make payments for employee moving expenses are required to furnish each employee form 4782 by January 31 following the calendar year in which the payment was made. Attached is a form 4782 with instructions for the employer and information for the employee on the reverse side. These forms may be obtained from the Internal Revenue Service.

Agencies may reproduce this bulletin as needed for internal distribution purposes.

Questions regarding this bulletin should be referred to Dan Steven or Nancy Smith at (217) 782-4758.

Sincerely,



Larry B. Roth  
Director - State Accounting

## Employee Moving Expense Information

Payments made during the calendar year 19 \_\_\_\_\_

▶ See instructions on back.

OMB No. 1545-0182  
 Expires 6-30-93

**Do not file.**  
**Keep for your records.**

Name of employee \_\_\_\_\_

Social security number \_\_\_\_\_

### Moving Expense Payments

Type of moving expense	(a) Amount paid to employee	(b) Amount paid to a third party for employee's benefit and value of services furnished in kind	(c) Total (Add columns (a) and (b))
<b>Section A.—Transportation of Household Goods</b>			
1 Transportation and storage of household goods and personal effects . . . . .	1		
<b>Section B.—Expenses of Moving From Old To New Home</b>			
2 Travel and lodging payments <b>not</b> including meals . . . . .	2		
3 Meal payments for travel . . . . .	3		
<b>Section C.—Pre-move Househunting Expenses and Temporary Quarters for any 30 Days in a Row After Obtaining Employment (90 Days for a Foreign Move)</b>			
4 Pre-move travel and lodging payments <b>not</b> including meals . . . . .	4		
5 Temporary quarters payments <b>not</b> including meals . . . . .	5		
6 Total meal payments for pre-move househunting and temporary quarters . . . . .	6		
<b>Section D.—Qualified Real Estate Expenses</b>			
7 Qualified expenses of selling, buying, or leasing a home . . . . .	7		
<b>Section E.—Miscellaneous Payments</b>			
8 List all other payments (specify) . . . . . . . . . . . . . . .	8		
9 Total moving expense payments. Add lines 1 through 8 . . . . .			9

**Note:** This amount *must* be included in the employee's income.

**For Paperwork Reduction Act Notice, see back of form.**

## Instructions for Employer Paperwork Reduction Act Notice

The information asked for on this form is required to carry out the Internal Revenue laws of the United States. You are required to provide this information. It is needed to ensure that taxpayers are complying with these laws.

The time needed to complete this form will vary depending on individual circumstances. The estimated time average is: 7 hours and 3 minutes.

If you have comments concerning the accuracy of this time estimate or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0182), Washington, DC 20503. **DO NOT** send the form to either of these offices. Instead, give the form to your employee.

### Purpose of Form

You are required to give your employees a statement showing a detailed breakdown of reimbursements or payments of moving expenses. Form 4782 may be used for this purpose or you may use your own form as long as it provides the same information as Form 4782. A separate form is required for each move made by an employee for which reimbursement or payment is made.

### Form W-2

Any payments you made for an employee's move (including the value of any services furnished in kind) must be included in Box 10, "Wages, tips, other compensation," on the employee's Form W-2.

Payments for moving expenses that are deductible by your employee are not subject to withholding.

Payments for moving expenses that are not deductible by your employee are subject to withholding.

### When To Give the Information

You must give Form 4782 (or your own form) to your employee by January 31 following the calendar year in which the employee received the reimbursement or payment. However, if the employee stops working for you before December 31 and submits a written request to receive the form earlier, you must give the completed form to the former employee within 30 days after you receive the request if the 30-day period ends before the regular January 31 deadline.

### Additional Information

For more information on withholding requirements, get **Pub. 15**, Circular E, Employer's Tax Guide. For assistance in determining what moving expenses would be deductible by your employee, get **Form 3903**, Moving Expenses, and its instructions; **Form 3903F**, Foreign Moving Expenses, and its instructions; or **Pub. 521**, Moving Expenses.

## General Information for Employees

### Purpose of Form

This form is furnished by your employer to give you the information you need to figure your moving expense deduction. The form shows the amount of any reimbursement made to you, payments made to a third party for your benefit, and the value of services furnished in kind for moving expenses. You should receive a separate form for each move that you made during the calendar year for which you receive any reimbursement or during which payment is made for your benefit.

**Caution:** Do not use this form as verification of your moving expenses. It reports only amounts your employer included in your income for moving expenses, which may be different than the amounts you actually spent.

### Allowance of Deduction

If you file Form 1040 and itemize your deductions, you may deduct the reasonable expenses you paid or incurred during the tax year to move to a new principal place of work. But you must generally meet the "distance" and "time" tests explained below. If you incurred expenses shown on this form, and they qualify as deductible moving expenses, you may include them in figuring your moving expense deduction.

For moves within or to the United States, use **Form 3903**, Moving Expenses, to claim the deduction. Use **Form 3903F**, Foreign Moving Expenses, to claim the deduction if you moved outside the United States or its possessions.

### Conditions for Allowance

Generally, you must meet the following tests to deduct your moving expenses:

**Distance Test.**—Your new work place must be at least 35 miles farther from your old home than your old work place was.

**Time Test.**—If you are an employee, you must work full time in the general location of your new principal place of work for at least 39 weeks during the 12 months right after you move.

### Additional Information

See the form instructions and **Pub. 521**, Moving Expenses, for detailed moving expense information, including which expenses qualify and what are reasonable expenses.