

May 14, 2018

Federal Travel Regulation
GSA Bulletin FTR 18-05

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 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 rely on this FTR bulletin to determine Withholding Tax Allowance (WTA) and Relocation Income Tax Allowance (RITA) amounts.
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This bulletin is effective retroactively from January 1, 2018, and will remain in effect until explicitly cancelled or superseded.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? On December 22, 2017, 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.
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 (but see paragraph 7 with respect to expenses incurred prior to 2018 and paid on or after January 1, 2018).
5. What relocation expense reimbursements became taxable? Along with the current taxable travel, transportation and relocation expenses under FTR, Chapter 302, the following reimbursements, direct payments, and indirect payments are now taxable:
 - a. Lodging expenses for en route travel to the new duty station;
 - b. Mileage for using privately-owned vehicle (POV) to travel to the new duty station;
 - c. Transportation using common carrier (e.g., airline) to the new duty station;
 - d. Shipment of household goods (HHG) to include unaccompanied air baggage (UAB) and professional books, paper, and equipment (PBP&E);
 - e. Temporary storage of HHG in transit, as long as the expenses are incurred within 30 calendar days after the day the items are removed from the old residence and before they are delivered to the new residence;
 - f. Shipment of mobile home in lieu of HHG;
 - g. Extended storage of HHG for assignments Outside the Continental United States (OCONUS); and
 - h. Transportation of POV – Continental United States (CONUS) and OCONUS.

6. Are there relocation expenses that are not taxable? Yes, the "Tax Cuts and Jobs Act of 2017" does not change the current treatment of the agency relocation services company (RSC) home sale program when residences of transferees are purchased under a RSC supplier contract and then sold in a separate independent transaction. The cost of those residential sales will continue to be governed by Internal Revenue Service (IRS) Revenue Rule 2005-74 and are not taxable income to employees.
7. If prior non-taxable entitlements are incurred before 2018 but are paid on or after January 1, 2018, will the entitlement payments be treated as taxable income? The IRS has not interpreted this question or provided guidance regarding the application of FTR § 302-17.11 as of May 14, 2018. When GSA receives the interpretation from the IRS, an updated FTR Bulletin will be posted and a Notice will be published in the Federal Register.
8. Are agencies still required to collect supplemental wage taxes? Yes, Internal Revenue Service (IRS) tax code requires agencies to collect supplemental wage taxes for all taxable relocation entitlements, either reimbursed directly or indirectly. The new tax law changed the percentage for withholding on supplemental wages used for calculating gross-up in Withholding Tax Allowance (WTA) and Relocation Income Tax Allowance (RITA) payments from 25% (percent) to 22%. Under current law as amended by the Tax Cuts and Jobs Act, the supplemental wage rate will remain at 22% through tax year 2025. No other percentage is allowed to calculate WTA payments. The FTR is currently written to implement the new percentage without an FTR amendment to update the new percentage rate. (See FTR § 302-17.23(f)).
9. Currently, who is not eligible for the WTA and RITA? The following individuals are not eligible for the WTA or the RITA:
 - a. New appointees (including political appointees);
 - b. Returning from an overseas assignment for the purpose of separation from Government service;
 - c. Qualified Senior Executive Service (SES) performing a "last move home"; and
 - d. Assigned under the Government Employees Training Act (GETA).

Agencies are authorized to pay WTA and RITA to cover "substantially all" of the increased tax liability resulting from receipt of the relocation expense reimbursements either paid directly or indirectly. However, this WTA/RITA allowance is only available under current statutory authority (5 U.S.C. § 5724b) to employees transferred in the interest of the Government from one official station or agency to another for permanent duty.

10. Does the "Tax Cuts and Jobs Act of 2017" affect the 50 mile distance test requirement? No, agencies are still required to follow the distance test (See FTR § 302-2.6).
11. Is there an exception for agency use of the 50 mile distance test? Agency heads may allow an exception on a case-by-case basis for the 50 mile distance test if it is determined to be in the best interest of the Government.
12. Will employees be reimbursed for moving mileage when driving a POV? Yes, agencies should reimburse employees based upon the GSA published mileage rate on the website gsa.gov/mileage. GSA will continue to publish a moving expense mileage reimbursement, although the new tax law has suspended the "qualified moving expense deduction" for moving mileage rate when a POV is used by Federal employees to travel to a new duty station.

13. What should agencies do? Agencies should update internal relocation policies and reimbursement procedures regarding changes to the tax code documented in this FTR Bulletin.

14. 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 18-05.

By delegation of the Administrator of General Services,



Jessica Salmoiraghi
Associate Administrator
Office of Government-wide Policy