

OUR PEOPLE PRACTICES/ RELOCATION EXPENSES: Policy and procedure



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1. Introduction

- 1.1 The University wishes to attract and employ the excellent people we need to fulfil our ambitions to be recognised, both nationally and internationally, as a high performing university.
- 1.2 To support this objective we offer newly appointed staff a comprehensive and flexible relocation package which can be tailored to meet individual needs.
- 1.3 The University also wishes to encourage flexibility and access to career development opportunities for existing staff and, in support of this, relocation assistance is available to existing staff who take up new appointments at a different campus.
- 1.4 **Definitions:**

Travel times and distances are based upon calculations for the shortest route provided by the AA Route Planner from the employee's home address to the administrative centre of the campus of the normal place of work as defined within the contract of employment.

Europe is deemed to be the geographic region as defined by the United Nations.

Eligibility for the reimbursement of relocation expenses is defined in sections 3, 4 and 5.

Relocation expenses which the University will reimburse are defined in section 7 with exclusions defined in section 8

Existing/new main residence is defined as the property that is the employee's family home for most of the time. It would be where friends and correspondents would expect to find the employee's family. (See 9.4 for further information).

Travel costs are defined as economy rate air fare, second class rail fare or mileage rate of 45p per mile.

Family is defined by HMRC as the following persons living in the employee's family home: employee's spouse (husband or wife), civil partner, the employee's dependent children; any other dependent of the employee.

Partner is an individual in a domestic interpersonal relationship with the employee, living with them and sharing a common domestic life but not married to the employee. The University will pay qualifying travel and subsistence claims for an employee's partner although tax relief on any claim for a partner may not be available under HMRC qualifying criteria.

2. Aims and objectives

- 2.1 The general aim of this Policy is to provide clarity on the relocation assistance the University offers to newly appointed staff and to existing staff who take up permanent new appointments at a different campus.
- 2.2 Specific aims are:
 - 2.2.1 To clarify who is eligible to claim relocation expenses;
 - 2.2.2 To set out which expenses can and cannot be claimed;

2.2.3 To clarify the conditions under which claims may be made;

2.2.4 To set out the relocation expenses claim procedure.

3. Scope

- 3.1 This policy applies to all new staff appointed to a salaried post in the UK to grades 7 and above on the University's single pay spine and staff appointed to the Professorial & Senior Management Staff Scale who meet the qualifying criteria set out in section 4.
- 3.2 This policy also applies to existing staff who take up permanent new appointments at a different campus and are appointed to a role on grade 7 and above on the University's single pay spine or to the Professorial & Senior Management Staff Scale, and who meet the eligibility criteria set out in section 4.

4. Qualifying criteria

- 4.1 Staff are entitled to claim reimbursement of eligible relocation expenses if the following criteria are met:
- the initial appointment must be for a period of 2 years or more; or a fixed term contract of less than 2 years is extended beyond a second year (subject to 5.2 below).
 - the employee's existing main residence must be outside a 25 mile radius and more than one hour's travelling time from their new normal place of work.
 - the employee must have submitted a *Statement of Intention to Relocate* within six months of their appointment and prior to making any claim.
 - all expenses claimed and the manner of claiming must meet the conditions set out in this document.
 - the new main residence will need to be within a 25 mile radius, or 1 hour's travelling time, of the normal place of work.

5. Conditions

- 5.1 An effective employment eligibility, employment reference and qualifications verification process must have taken place in order to determine suitability for employment.
- 5.2 The employee must change their main residence within 18 months of taking up the new appointment. (see 9.4 below)
- 5.3 The claim must be completed before 5th April in the year following the one in which the employee starts the new job (please also see section 9 regarding time limits for tax relief).
- 5.4 The financial support set out in this policy is normally payable in respect of the relocation of one household, but if two members of staff from the same household are offered appointments at the University and relocate from one jointly-occupied home to another one, two claims, each subject to the limits in sections 6 and 7, can be made. In such instances the same cost cannot be claimed twice, but the full allowance per person can be utilised by sharing the cost of an item across both claims.

- 5.5 The University will only contribute to temporary accommodation or commuting costs for a period of up to 9 months where the member of staff continues to be responsible for the outgoings of their old home whilst actively trying to sell that home. HM Revenue and Customs (HMRC) rules state that tax relief for temporary living accommodation only applies where the employee intends to move to a new permanent main residence to complete the relocation. So for an employee who lives in a hotel until the old home is sold and a new home purchased, or who moves into a rented house at the new location for the same reason, the hotel and the rented property represent temporary living accommodation.
- 5.6 Any temporary accommodation or commuting costs will have to be repaid or will be taxable if the employee fails to relocate within the timescales stipulated. The University will decide whether costs will be repaid or declared as taxable, depending upon the circumstances of the case.
- 5.7 The University will not pay suppliers direct or pay any expenses in advance of the employee taking up their appointment or incurring the costs.
- 5.8 If expenses for the sale or purchase of a property are being claimed, the property must be owned (in whole or in part) by the employee.

6. Allowances

6.1 Staff moving from outside Europe

The University will reimburse relocation expenses of up to a maximum of £8,000.

6.2 Staff moving from within the UK or Europe who sell their existing residence and purchase a new one

The University will reimburse relocation expenses of up to a maximum of £8,000

6.3 Staff moving from within the UK or Europe who do not sell an existing residence

The University will reimburse relocation expenses of up to a maximum of £5,000

6.4 Part-time Staff

Members of staff appointed to part-time contracts (i.e. less than 35 hours per week) will be eligible to receive reimbursement of relocation expenses in accordance with the same conditions as full-time staff. If the appointment is for less than 50% full-time equivalent the maximum support available will be subject to a pro rata calculation e.g. an employee selling an existing residence within the UK, employed on a 30% contract, would be eligible for reimbursement of relocation expenses of up to £2,400, or, if moving from rented accommodation within the UK, £1,500.

6.5 Staff relocating from outside of the UK

In addition to the relocation expenses set out in this document, members of staff *relocating from outside of the UK* may also claim:

- Travel costs from the old residence to the new residence for the employee and his/her family when the move to the new residence takes place.
- Excess baggage costs if there will be a delay in essential items being transported by sea freight (subject to the relevant limits in section 5).

- 6.6 Where expenses are incurred in foreign currencies, the amounts incurred should be shown in the currency in question on the Relocation Expenses Claim Form. The rate of exchange used to calculate reimbursement will be the appropriate rate in force at the time Human Resources process the claim.
- 6.7 The University may, in exceptional circumstances, allow reimbursement of expenses exceeding the allowances set out above for any particular employee by individual agreement with the person concerned (subject to HMRC rules regarding taxation).

7. Expenses that can be claimed

7.1 This list is not exhaustive but details the most common types of expenditure which may be claimed, subject to the clauses above. If you are unsure if your expenses will be covered please contact the HR Operations Team to seek confirmation.

- Removal of household effects from the current residence, including insurance in transit - two quotations must be obtained and the lowest of these will normally be relied upon.
- Packing and unpacking.
- If the employee chooses not to use a removal firm but to undertake their own move, the cost of hire of a vehicle and associated fuel and insurance costs may be claimed.
- Purchase of essential domestic goods to replace items used at the old residence that are not suitable for use in the new residence. E.g. carpets and curtains that were the wrong size for the new home, or an electric cooker bought to replace a gas cooker where there is no gas supply in the new home. (Justification for purchase may be required)
- Moving domestic pets (excluding quarantine costs).
- Temporary storage, including insurance, of furniture if you do not move directly from the old residence to the new for a period of up to 9 months (but temporary storage is not an eligible cost if the employee has no intention of moving the belongings to the new residence).
- Solicitors' fees for buying and selling property, including searches, property enquiries and land registry fees.
- Mortgage redemption and/or arrangement fees (excluding fees relating to fixed rate loans).
- Estate agents' fees, or direct advertising costs if not using the services of an estate agent, for selling property.
- Surveyors' fees.
- Stamp Duty.
- Fees for setting up initial rental agreement (excluding deposits).
- Travel costs for the employee and his/her family for up to two return visits to look for accommodation, schools etc.
- The cost of up to 7 nights' hotel accommodation for the employee and his/her family on arrival in Kent or whilst visiting the area to look for accommodation, schools etc. (Does not include related food, drink or other sundry costs).
- Travel costs from the old residence to the new residence for the employee and his/her family when the move to the new residence takes place.
- Ongoing rental commitment on the original property, once it is left empty, for a period not exceeding 3 months, if it is not possible to break an existing lease agreement.
- Temporary accommodation or commuting costs for the employee for a period of up to 9 months if the conditions in section 5.5 above are met.

8. Expenses that cannot be claimed

8.1 Expenses that are explicitly excluded from the University's relocation policy are:

- Removal of office and laboratory equipment from the premises of the employee's previous employer (the employing department may, by prior agreement, be able to fund all or part of these costs by direct payment to the previous employer or to a removal firm)
- Removal of effects from anywhere other than the current residence
- Costs relating to the quarantine of domestic pets
- Security deposits relating to rented accommodation and other refundable deposits
- Redirection of mail
- Council tax bills
- Vehicle rental, petrol, tolls etc. (except where undertaking own move of household effects or where car hire is the most economical method of claimable relocation travel)
- Purchase of new domestic goods (except to replace essential items where the original items are not suitable for use in the new residence)
- Mortgage arrangement fees related to fixed-rate loans
- Payments for services provided by relocation companies (other than household removal fees)
- Assistance with Mortgage deposits or loan payments

9. Income Tax

9.1 Any payments made as part of the University's relocation expenses reimbursement scheme are exempt from income tax (up to a maximum of £8,000) provided the expenses are within the categories of allowable expenses set by HMRC, and are incurred before the end of the tax year following the one in which the employee starts their new job (a tax year runs from 6 April one year to 5 April the next). For example, if the employee starts their new job:

- on 4 January 2017, they have until 5 April 2018 to use their exemption
- on 1 June 2017, they have until 5 April 2019 to use their exemption.

9.2 HMRC may, upon application by the employee, grant an extension of the time limit in extenuating circumstances, for example, if the employee has to delay moving to allow a child to complete school exams, or because the employee cannot sell their old home or find an affordable new one within the time limit.

9.3 Employees moving from outside the UK will be able to get tax relief on the international travelling costs for themselves and their family from the old residence to the new residence in the UK when the move takes place as set out in section 6, as well as a maximum of £8,000 of allowable relocation expenses as set out in section 7.

9.4 To qualify for tax exemption the new home must become the main residence. HMRC guidance on what qualifies as a main residence is as follows:

- if, for example, you stay in your new home only during the week, return to your existing family home most weekends and your family do not intend to move permanently to your new home, then your old home will probably remain your main residence. In that case, you would not be entitled to the tax exemption.

- but, if you buy a new home, move into it with your family and rent out your old home, your new home will probably become your main residence. If it does, you will qualify for the exemption.

9.5 Other than international travelling costs under section 6, any reimbursement exceeding £8,000 will be subject to income tax and will be reported to HMRC on form P11D; the University will not be responsible for any tax liabilities which may be incurred by the employee either on such excess, or if tax relief is denied subsequently by HMRC in respect of any expenses that do not qualify for exemption under the HMRC rules, or on reimbursements made outside the time limits.

9.6 Further information on the rules regarding tax exemption for relocation expenses is available on HMRC website:

<http://www.hmrc.gov.uk/guidance/relocation.htm>

10. Repayment

10.1 When a member of staff who has received relocation expenses resigns or is dismissed before completing 2 years in the service of the University he/she will be required to repay the reimbursed expenses in whole or in part. Repayment will be on a sliding scale as follows:

- within 1 year of appointment: 100%
- after 1 year but within 2 years: repayment of full amount received, less 1/24th of this amount for each calendar month of service.

10.2 The employee will be notified of the amount which is repayable and asked to arrange repayment terms. Any outstanding amount may be deducted from an employee's final salary if repayment terms have not been agreed in advance of their last day of employment.

11. Procedure for making a claim

11.1 Claims for reimbursement of relocations expenses should be submitted on a Relocation Expenses Claim Form to the Operational Services Team, Human Resources, The Registry.

11.2 For audit purposes, claims must be accompanied by appropriate documentation including proof of payment e.g. an official receipt, electronic booking confirming the amount paid. It must be clear from the documentation what the payment was for. All invoices must be accompanied by a receipt or have an official stamp indicating that they have been paid. In the case of expenses related to the sale or purchase of property the final receipted Solicitor's completion statement must be submitted. If a removal firm has been used, two quotations for household removals must be submitted, together with the invoice and receipt for the chosen firm.

11.3 Claims for temporary accommodation or commuting costs must be submitted with satisfactory evidence that the existing property is on the market.

11.4 Claims may be made in as many instalments as suits the employee, it is not necessary to wait until the completion of relocation to make a claim, however, failure to relocate to a new residence within the terms of this policy may result in a requirement to repay or to pay income tax on costs reimbursed.

- 11.5 Once each claim has been processed, HR write to the employee detailing the amount of reimbursement to be paid.
- 11.6 The University's preferred payment method in relation to the reimbursement of relocation expenses is via BACS (Bankers Automated Clearing System) although payment by cheque can also be arranged.

12. Review

- 12.1 As and when required, this Policy will be reviewed in accordance with the principles set out in the *Protocol and Approach to Policy Development & Review* document.
- 12.2 As and when a full review is undertaken, trade union and representative partners will be consulted in line with the Terms of Reference for Staff Policy Committee (SPC), Joint Staff Negotiating and Consultation Committee (JSNCC) and any other bodies, as required.

13. Associated practices

- 13.1 This Policy complies with relevant UK employment legislation and HMRC rules.
- 13.2 In addition, other relevant University of Kent People Practices include:
- Recruitment

OUR PEOPLE PRACTICES/

RELOCATION EXPENSES:

Statement of Intention to Relocate



My existing main residence at

Address:

is outside of a 25 mile radius and more than one hour's travelling time from my new normal place of work.

I intend to relocate my main residence to a property within a 25 mile radius or within one hour's travelling time of my new normal place of work within 18 months of my appointment.

I have read and understand the terms of the Relocation Policy and I understand that if I do not fully relocate my main residence I may be asked to repay any expenses I have claimed under this policy.

Signed:

Date: