



Removal and Relocation Expenses Policy for Newly Appointed Members of Staff

Contents List	Page Number
1. Objective of the Policy	2
2. Eligibility for Removal and Relocation Expenses	2
3. Entitlement	3
(i) Removal Expenses	3
(ii) Acquisition Legal and Professional Fees	3
(iii) Disturbance Allowance	4
(iv) Lodging Allowance and Rental Costs	4
(v) Travel	4
4. Non Qualifying Costs	5
(i) Additional Housing Cost Allowances	5
(ii) Loss on Sale of Property	5
(iii) Other Costs	5
5. Regulations for Making a Claim	6
(i) Confirmation of Eligibility	6
(ii) Time Limit	6
(iii) Written Quotations for Removal Expenses	7
(iv) Reimbursement of expenditure under 3(i) to 3(v)	7
6. Repayment	7
7. Variations	8

1. OBJECTIVE OF THE POLICY

The policy is intended to assist newly appointed members of staff who satisfy the eligibility criteria, with the costs associated with taking up a post at Royal Holloway.

In providing a contribution with the cost of relocation it is our aim to ensure that the College remains competitive by attracting and retaining the highest calibre staff with the potential to support the strategic objectives of the institution. The removal and relocation policy is designed to assist new members of staff to settle into a new environment and alleviate some of the financial and practical challenges associated with relocation.

The policy aims to ensure that there is rigour and fairness in the way in which the reimbursement of relocation costs is practically implemented, and that reasonable costs are reimbursed in accordance with HMRC guidelines.

2. ELIGIBILITY

To qualify for tax exemption an employee must be moving to a new home that becomes his/her main residence which can be either purchased or rented.

The inland revenue 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 relocation 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.

Therefore, although there must be a change to the sole or main residence as a result of starting a new position, you do not have to actually dispose of the old residence.

This Policy sets out the terms under which the College may reimburse the costs incurred by staff taking up their first appointment with Royal Holloway and are moving their homes to a reasonable daily travelling distance (usually within a 30 mile radius) of the College site/campus at which their post is based. These provisions do not apply to new staff already living inside a 30 mile area at the time of their appointment.

Staff on fixed term contracts of more than 1 year are eligible for removal and relocation expenses in line with permanent staff as above but should note the repayment requirements under section 6.

3. ENTITLEMENT

On appointment with Royal Holloway eligible staff will be permitted to claim the allowances set out in i) – v) below; these allowances are subject to a total ceiling of £4,000 for members of staff on fixed term contracts and £8,000 and up to £16,000 for permanent members of staff, in exceptional circumstances, in particular for international claims.

Reimbursement is made against actual expenditure. Any requests, in exceptional circumstances, require approval by the Principal and Director of Human Resources.

The availability of tax relief on contributions made by the College towards the cost of relocation is subject to HM Revenue & Customs (HMRC) Regulations as summarised in Appendix 2. Appendix 2 gives an overview of the conditions set out by HMRC which must be met before tax relief is available against reimbursed relocation costs. It should be noted that the College does not reimburse all categories of expenditure that would qualify for tax relief under HMRC guidance and its policy is to make a contribution towards relocation costs. This contribution may not therefore meet the full cost of relocation.

(i) Removal Expenses

Staff will be eligible for reimbursement of the cost of the removal of household effects, (including packing, unpacking, insurance and VAT) to their new address. Moves to and from temporary accommodation will also be covered.

Staff will also be eligible for reimbursement of the cost of storing their household effects for a period of up to six months (including insurance), where staff are in temporary accommodation. (Please note, storage costs cannot be claimed where the employee has no intention to move these effects to their new residence).

Please refer to Removal and Relocation Expenses Policy Frequently Asked Questions for information regarding the removal of personal possessions and office contents (including books and office equipment) from the former place of work.

(ii) Acquisition Legal and Professional Fees

Acquisition covers the purchase of a new permanent main residence or the acquisition of a tenancy agreement for a new permanent main residence.

Staff will be entitled to reimbursement of the actual cost of legal, survey and estate agents fees necessarily incurred in selling or surrendering one home and acquiring another. This includes the conducting of appropriate searches

in relation to the purchase of the new property and the payment of stamp duty.

Legal, survey and estate agents fees incurred can also be claimed where an intended acquisition or sale does not take place, either for reasons outside the control of the person acquiring the interest, or because that person reasonably decides not to go ahead but will fall within the permitted budget.

(iii) Disturbance Allowance

Reimbursement can be claimed for expenditure incurred on such items as disconnection and connection of electricity, gas, water or telephone services, the purchase of domestic good for the new premises e.g. a cooker (where the current item owned is electric and a gas cooker is required for the new property (and vice versa).

For staff moving from outside the United Kingdom (UK) the purchase of adapters for electrical equipment can be claimed, but not the purchase of new electrical equipment.

(iv) Lodging Allowance and Rental Costs

An allowance of up to £100 per week may be claimed for a maximum of 1 year, subject to individual circumstances, if a newly appointed member of staff has to take up temporary residence locally whilst continuing to be responsible for the outgoings of another residence, or where the employee intends to move to permanent accommodation.

It would, however, normally be expected that an employee move to permanent accommodation within 1 year of their start date, which is within the exemption period set by HMRC. Any extension to the 1 year period would only be made, in exceptional circumstances, for example, where the change of residence is delayed because of children's public exams or a difficulty in disposing of the former residence.

The College will monitor the situation every 3 months during the temporary housing period. Any payments made after the 1 year exemption period will be taxable or if an employee does not move into a permanent new residence.

(v) Travel

Staff are eligible to claim for the cost of single economy rate travel for themselves, their spouse/partner, dependent children and under certain circumstances pets for their final move to the College. (Please note that the cheapest form of transport should be used, unless an alternative form of travel has been authorised beforehand by the Human Resources Department).

Additional travel expenses may be approved to complete the relocation of a member of staff, however this should be confirmed in advance with the Human Resources Department.

Staff who take temporary lodging may be reimbursed the cost of one return economy rate travel ticket per month for twelve months for travel between their temporary lodgings and their other residence.

Staff who have not yet been able to relocate, and are temporarily continuing to live at their previous address, may claim their additional home to work travel costs for a maximum of twelve months. Travel will be reimbursed at the equivalent of the economy rate and to a maximum of £50 per week.

In addition, whilst looking for accommodation, staff will be able to claim economy rate return travel tickets for two trips for themselves and their spouse/partner plus accommodation costs (to a maximum of £50 per night) for a maximum of three nights per trip (please note subsistence will not be paid).

All non-UK travel must be authorised in advance by the Human Resources Department prior to booking.

Please see section 5 which covers the timeframe for making a claim and section 6 which covers repayment of relocation expenses if a member of staff then leaves Royal Holloway's employment.

4. NON QUALIFYING COSTS

The following costs cannot be reclaimed

(i) Additional Housing Cost Allowances

Where the employee has had to move to a more expensive area, e.g. the South East

(ii) Loss on sale of property

Costs associated with a property sale falling through, or a loss in the value of the property, or a reduction in the sale price of a property to facilitate a quick sale apart from as described in 3(ii).

(iii) Other costs

For example:

Counselling services
Redirection of mail

Council tax bills
Compensation for loss in value of season tickets
Cost of joining new sports clubs
Penalties for giving insufficient notice of child's withdrawal from school – loss of school fees
Cost of buying new school uniforms
Help towards an employee's spouse finding a job – career and education counselling/job search agency
Home search facility
Financial advice
Nanny agency fees
House cleaning on sale
House cleaning on purchase
Spouse's loss of earnings
Help with starting a garden
Transporting and kennelling for domestic animals (unless directly related to the actual family move from the old to the new location)
Forfeited rent / termination of contract charges on current property.

Please also refer to the HMRC website for further guidance regarding removal expenses and benefits which do and do not qualify for exemption <http://www.hmrc.gov.uk/guidance/480.pdf> (Appendix 7)

5. REGULATIONS FOR MAKING A CLAIM

(i) Confirmation of Eligibility

Eligibility for removal and relocation expenses must be confirmed by the Human Resources Department before any costs are incurred. Staff requesting relocation expenses will be required to complete a Declaration Form (See Appendix 1)

<http://www.rhul.ac.uk/iquad/documents/doc/humanresourcesdocs/removalexpensesdeclaration-revisedversion171012.doc>

Claims should be made via Agresso, the College's finance system. Details of how to get a user account are [here](#). ELearning, reference guides and details of Expenses training and drop in sessions are on the [Expenses](#) and [Agresso resources pages](#).

(ii) Time Limit

HMRC has set a time limit on relocation. In order to get tax relief expenses must be incurred, or the benefits provided, and claimed before the end of the tax year following the one in which an employee starts their new job (a tax year runs from 6th April one year to 5 April). (See Appendix 2).

The College requests that all claims for reimbursement be made within the time limit set out in this Policy.

(iii) Written Quotations for Removal Expenses (3(i))

Reimbursement will only be made following the receipt of three written quotations, which must be submitted to the Human Resources Department who will normally authorise acceptance of the lowest quotation. The College will not normally reimburse any sum in excess of the lowest of these estimates.

(iv) Reimbursement of expenditure under 3(i) to 3(v)

Reimbursement will be made following submission of a claim via the electronic workflow (Agresso) to HR. All relevant quotations and itemised receipts must be scanned and attached to the online claim.

In exceptional circumstances the College may pay a company directly for removal under 3(i); however this must be discussed in advance with the Human Resources Department, and the removal firm made aware of the College's requirements in terms of invoices and terms of payment.

If staff move themselves the College will reimburse the cost of van/car rental and the cost of the actual fuel from the sole or main residence to the point of embarkation (evidenced by itemised receipts). Staff may also claim for the cost of the actual fuel to and from a rental provider.

If staff use their personal vehicle to move themselves the College will reimburse the employee at the mileage rate (currently 45p per mile (up to 10,000 business miles per annum) for journeys on or after 1 June 2012) as set out in the College's Travel and Subsistence Policy.

<http://www.rhul.ac.uk/finance/documents/pdf/travelandsubsistencepolicy-introduction.pdf>

6. REPAYMENT

- (i) Where a member of staff has claimed relocation expenses for temporary accommodation after indicating that they are seeking to purchase or rent a new main residence, but does not find a new main residence within the time limits of claiming relocation expenses then these expenses are required to be repaid to the College. Costs incurred are not eligible expenses under the scheme if an employee does not change their main residence in the defined time period, normally twelve months from the date of commencing employment unless there are exceptional circumstances.

- (ii) Members of staff on fixed term contracts are not required to repay any relocation expenses claimed if they fulfil the full term of their fixed term contract.
- (iii) Members of staff in receipt of relocation expenses who leave Royal Holloway before completing three years' service, will be required to repay all or some of the relocation expenses paid as set out below.

Less than two years' service

Royal Holloway will reclaim all of the relocation expenses paid.

More than two years' but less than three years' service

Royal Holloway will reclaim part of the relocation expenses paid based on the total monies paid, less one-twelfth for every completed month of service after two full years have been served.

- (iv) Where required, repayment will be claimed via the College Payroll in the first instance. In the event of a shortfall, employees must make a payment to the College for this amount. Other forms of repayment may be considered at the discretion of the Director of Human Resources and Director of Finance.

7. VARIATIONS

Relocation expenses are judged on a case-by-case basis and each employee's situation and circumstances will be unique. However, the College will always act fairly and in a non-discriminatory manner. The College therefore retains discretion to tailor the relocation package to suit the particular circumstances and needs of each employee. Costs associated with buying out relocation repayments from a previous employer may be payable at the discretion of the appropriate VP/Dean of Faculty from a departmental budget and will be taxable. These costs will then be count as part of the £8k allowance.

Policy Schedule	
Policy Title	Removal and Relocation Policy
Policy Owner	Human Resources
Policy lead contact	HR Manager
Consultation with College Unions	UCU, UNITE and GMB
Approving Body	PRC and Finance Committee
Date of Approval	10 th March 2014
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Review Interval	Bi-annual

REMOVAL AND RELOCATION EXPENSES DECLARATION

The College's policy on removal and relocation expenses for newly appointed staff enables staff who satisfy the eligibility criteria to claim reimbursement for some of the costs involved when relocating to take up an appointment.

There are a number of restrictions on what can be claimed, and conditions attached to the reimbursement. The expenses and benefits must relate to:

- the purchase or rental of a new permanent main residence * and
- a change to the sole or main residence including the sale of the old residence if applicable and
- the new residence must be within reasonable daily travelling distance of the new normal place of work, and the old residence must not be within reasonable daily travelling distance of the new normal place of work.

Please tick as appropriate

**If expenses relate to a property, whether purchase or rented, that is not a new permanent main residence you will not be entitled to the relocation exemption. Please tick as appropriate*

Members of staff on fixed term contracts are not required to repay any relocation expenses claimed if they fulfil the full term of their fixed term contract. Permanent staff who remain in post for less than three years will be required to repay all or part of the sum reimbursed in accordance with the policy. Therefore, all staff who wish to make a claim under the policy are therefore asked to confirm that they have received and read Section 6 of the policy and agree to make the appropriate repayments.

Declaration:

I confirm that I have received a copy of the College's Removal and Relocation Policy and agree to the terms therein. I am aware that if I leave Royal Holloway before the full term of my fixed term contract or before completing three years' service, the College will reclaim all or some of the relocation expenses paid to me in accordance with the terms of the policy. Following notification, I therefore authorise the College to deduct any such repayment from my salary. I will make arrangements to repay any further monies owing within one month of leaving the College.

Signed..... Date

Name

GUIDANCE NOTES: HM REVENUE & CUSTOMS (HMRC) CONDITIONS FOR TAX RELIEF @ June 2013 (Subject to Change)

1. Summary

Tax and National Insurance Contributions (NIC) relief is available up to a maximum of £8,000 against the reimbursement by a new employer of qualifying relocation costs incurred by an employee who is required to relocate to take up a new post. Details of HMRC's guidance on tax relief applicable to reimbursement of costs of relocation to new employees can be found on the HMRC website.

The College's policy is in line with that of HMRC and the type of costs the College will reimburse should unless otherwise stated fall within HMRC definitions of qualifying costs for the purpose of tax relief.

It should be noted that the College does not automatically reimburse all categories of relocation costs e.g. Bridging Loans that might qualify for tax relief under HMRC's guidance. If there is any doubt whether an expense would be reimbursed under the College policy or whether an expense qualifies for tax relief staff should contact their HR Manger to discuss it.

The costs the College will reimburse are those incurred to move the employee, employee's family, furniture and any personal affects to the new home as set out in the policy statement above.

Tax relief is not available on costs incurred which, although associated with the taking up of the new post such as increased costs of home to work travel, are not themselves relocation costs because the employee does not in fact move from a previous home to start the new post at Royal Holloway.

The available tax relief is subject to a number of stringent HMRC conditions relating to the reason for relocation; the category of cost incurred; the location of the new and old homes; and the time limits for making claims and providing reimbursement of expenditure.

If the total qualifying costs actually incurred by the employee (as defined by HMRC rules) are less than £8,000 the tax relief is restricted to this lower amount.

If the amount of qualifying costs reimbursed is greater than the £8,000 tax relief limit, the balance over £8,000 is charged as a benefit in kind and is subject to income tax and National Insurance Contributions (NIC). Any requests, in exceptional circumstances, for payment of claims in excess of the ceilings require approval by the Principal and Director of Human Resources.

2. HMRC Conditions for Tax Relief to apply

In order for tax relief to be available on reimbursed costs ALL FOUR of these conditions must be met when taking up a post at the College.

- The employee must change his or her main residence as a result of taking up the post at the College.
- The employee's new residence must be within reasonable daily travelling distance of the new place of work, and the old residence must not be within reasonable daily travelling distance of the new place of work
- The costs incurred must be qualifying costs under HMRC definitions
- The costs must be incurred within a strict time limit

The College Removal and Relocation Policy fulfils these conditions and tax relief should be available on all reimbursed expenditure up to a maximum of £8,000. Any payments above £8000 are taxable. Any requests, in exceptional circumstances, for payment of claims in excess of the ceilings require approval by the Principal and Director of Human Resources.

3. Change of main residence

The most important condition for tax relief to apply is that there must be a change of main residence as a result of starting a new employment with the College.

If an employee does not relocate and change their residence then additional costs incurred that may be associated with the taking up of the new post, such as increased home to work travel, will not be reimbursed by the College, and will not qualify for tax relief since they are not incurred as a result of relocation.

If this condition cannot be met the employee should contact their HR Manager. For example if:

- The intention to relocate had changed due to unforeseen circumstances
- The employee does not intend to sell their former home

4. Reasonable daily travelling distance

HMRC regulations state that the new residence must be within '*reasonable daily travelling distance*' of the new normal place of work, the College, and the old residence must not be within reasonable daily travelling distance of the new normal place of work at the College. '*Reasonable daily travelling distance*' is not defined in the legislation.

HMRC will take a common sense approach and take account of local conditions and what is in practice convenient for the place of work. The usual time taken to travel a given distance is an indication whether that distance is reasonable. The College will not make a contribution to the costs of an employee relocating to a home that is not convenient for

travel to the place of work within normal commuting hours. As a guide this is not expected to be more than an hour (30 miles).

5. Time Limits

The relocation costs must be incurred, or the relocation benefits provided, before the end of the PAYE year following the one in which the employee takes up the post at the College. (The PAYE year runs from 6th April to 5th April).

Example 1: The start date of the post at the College was 1st May 2011 which falls in the PAYE year 2011/2012 ending on the 5th April 2012. **Time limit** within which costs must be incurred or the benefits provided is the period 1st May 2011 to 5th April 2013. (23 months).

Example 2: The start date of the post at the College was 1st March 2011 which falls in the PAYE year 2010/2011 ending on the 5th April 2011. **Time limit** within which costs must be incurred or the benefits provided is the period 1st March 2011 to 5th April 2012 (13 months).

The contractual start date of the post at the College determines the length of time that an employee has to find a new home and qualify for tax relief on the reimbursement costs associated with relocating to that new home. If an employee believes it is unlikely that the purchase of a new home and relocation to it will take place within the time period available, based on the start date of their contract, they should contact their HR Manager.