

## ST GEORGE'S, UNIVERSITY OF LONDON

### RELOCATION EXPENSES POLICY

#### 1. SUMMARY

SGUL's policy is to contribute to the costs of relocation incurred to take up a post at the Institution where costs relate to:

- moving normal household effects within the UK
- moving normal household effects to the UK normally via surface freight
- temporary storage of domestic belongings for a period of up to six months
- insurance of domestic belongings during transit and in storage
- Solicitors fees in respect of the sale and purchase
- Search, survey and property enquiry fees
- Estate agents' buying and selling fees, including the costs of advertisement
- Valuation fees
- Land registry fees

The Institution 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.

If there is any doubt whether an expense would be reimbursed under this policy or that it is an expense qualifying for tax relief employees should contact the Payroll department to discuss it.

#### 2. PURPOSE

This policy applies to academic staff and senior administrative staff (those in the Professional and Senior Administrative pay scales) that have been offered a relocation package as one of the terms and conditions set out in a formal signed agreement from Human Resources Department.

The purpose of providing financial assistance with the cost of relocation is to ensure that national and international geographical mobility is not a barrier to the appointment of the very best candidates to employment opportunities within the Institution.

#### 3. AIM OF THE POLICY

In providing assistance with the cost of relocation it is the aim of the Institution to ensure that it remains competitive by attracting and retaining the highest calibre staff with the potential to set and support tomorrow's academic agenda.

There is rigour, consistency and fairness in the way in which the reimbursement of relocation costs is implemented, and that reasonable costs are reimbursed in accordance with HMRC guidelines.

#### 4. SCOPE AND ELIGIBILITY

The Institution will consider making a contribution towards reasonable relocation costs incurred by new employees upon confirmation of their appointment, provided that the employee's existing sole or main residence is not within a reasonable daily travelling distance of the expected workplace, and that the new sole or main residence the employee moves to is within reasonable daily travelling distance of the expected University workplace.

Eligibility is restricted to academic staff and senior administrative staff (those in the Professorial and Senior Administrative pay scales) whose initial appointment runs for three years or more.

For externally funded research staff commencing on employment contracts of three years or less, reimbursement is subject to the willingness of the funding body to meet the costs and will not be met by SGUL. Reimbursement of relocation expenses, up to a maximum of £5,000 for new employees from outside of the EU, and is funded from departmental budgets. Relocation contributions are outlined below:

<b>Sole or main place of residence</b>	<b>Potential financial contribution</b>
Relocating within the UK	Up to a maximum of £2,000
Relocating from another EU country	Up to a maximum of £3,000
Relocating from outside the EU	Up to a maximum of £5,000

The Institution contribution to relocation costs for a part-time post will be pro-rata to the percentage full-time equivalent (FTE) of the post

Where relocation costs are likely to exceed £5,000, prior approval should be sought from the Director of Human Resources and Organisational Development and Director of Finance and an upper limit set out in the offer letter or accompanying correspondence.

Reimbursement is of actual costs incurred, evidenced by receipts/invoices, i.e. no round-sum resettlement allowances will be made.

Reimbursement of any allowable expenses over £8,000 or any reimbursement of non-allowable expenses becomes taxable.

The employee is responsible for making payment of any tax liability due to HMRC (Appendix 1)

## **5. PARTNERS RELOCATING TOGETHER TO TAKE UP INDIVIDUAL POSTS**

In situations where more than one member of a household is to become an Institution employee, and would appear to be eligible for assistance with the cost of relocation, it should not be assumed that this is in fact the case.

Further advice and guidance must be sought from the Payroll department prior to making any financial commitments on the basis of the assumption of dual allocation.

## **6. PERMISSIBLE COSTS OF RELOCATION**

Permissible costs that may be reimbursed under the University's relocation policy, up to the agreed contribution, may not include all categories of costs that might qualify under HMRC rules. The University will reimburse the following categories of expenditure:

- **Personal Travel**

Travel costs for the new staff member, their cohabiting partner and unmarried dependent children under the age of sixteen or who are in full time education or other approved full-time training at the time of the appointment.

The Institution will reimburse the cost of a single journey to or within the UK as detailed below

<b>Mode of travel</b>	<b>Permissible costs</b>
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Car travel	The cost of the actual fuel from the sole or main residence to the point of embarkation (evidenced by receipts)
Rail travel	The cost of standard rate travel including the cost of sleepers etc, from the sole or main residence to the point of embarkation
Sea travel	The cost at tourist, car ferry or equivalent rate
Air travel	The cost at tourist or economy class rate

- **Removal Costs**

The University will reimburse the cost of:

- moving normal household effects within the UK
- moving normal household effects to the UK normally via surface freight
- temporary storage of domestic belongings for a period of up to six months
- insurance of domestic belongings during transit and in storage

The University **will NOT** reimburse the cost of:

- The separate removal of individual items outside of the main removal transportation.
- The removal of motor vehicles, livestock or domestic animals or stays in quarantine
- The separate removal of work related equipment e.g. laboratory items, files and cabinets, books or computers other than those owned personally (the staff member would normally seek financial assistance from the relevant department for reimbursement towards these specific work related costs)

- **Property Costs**

The university will reimburse the cost of the sale and purchase of the sole or main residence including:

- Solicitors fees in respect of the sale and purchase
- Search, survey and property enquiry fees
- Estate agents' buying and selling fees, including the costs of advertisement
- Valuation fees
- Land registry fees

The University **will NOT** pay these property related costs:

- The payment of mortgage or housing subsidies if the employee moves to an area of higher housing cost
- The interest payments on the mortgage of the employee's existing home
- The cost of disconnection and reconnection of utility services
- The redirection of mail
- The cost of stamp duty
- The mortgage arrangement fees
- Council tax charges whilst properties are empty
- Temporary accommodation
- Lease deposits
- Domestic goods for new residence replacing items at the old home which are not suitable for use in the new home
- Packing fines
- Home furnishing

- **Personal Costs**

The University **will NOT** pay for these personal costs:

- The costs incurred in obtaining visas and passports
- The cost incurred for the required NHS Surcharge
- The compensation for losses incurred on sale of property or personal belongings
- Food and meals
- Purchases of equipment
- Any fees relating to children's schools/books & other expenses
- Telephone charges and top ups
- Vaccines/ medicines
- Health certificates / health examinations
- Personal effects
- Travel and subsistence for a preliminary visit to the new location

- **Accommodation**

A hotel is on site which is available for accommodation for one night or more which may be suitable for new staff whilst they look for permanent accommodation (guest accommodation is subject to availability). For further information and to book: <http://www.pelican-london.com/>

- **Engaging third party suppliers or contractors**

The Institution will not normally pay contractors directly, or in advance of service delivery. The expectation is that the employee will personally meet the costs in the first instance and be reimbursed on submission of a claim form.

Where it is the intention of the staff member to engage the services of a third party, such as removal companies, storage providers and insurance brokers, the Institution must be provided with at least **two quotations** with the expectation that, following the value for money principle, the Institution will normally agree to pay the lowest quotation.

- **Relocation from overseas**

If you are relocating from overseas there are additional considerations which may influence the level of tax relief available on reimbursed costs of relocation.

If you are relocating from overseas please contact the Payroll department **before** incurring any costs.

## **7. Making a Claim**

Relocation expenses are reimbursed through the payroll system. Claims should take the form of an expenses claim form submitted, with accompanying receipts, directly to the payroll office. Claims must be authorised by the Institute Director/ Director of Professional Services.

Original receipts are required to support all the expenditure you submit a claim for. The Institution must comply with its Financial Regulations and governance procedures and it is not possible to pay your claim without the original documents. Credit/debit card receipts cannot be accepted as they do not itemise goods and services purchased, nor do they show the VAT element of the purchase.

You must provide the original receipts, quotations and/or supplier invoices with your claim form, and these will be retained by the Payroll department. You are advised to retain copies for future personal reference.

Costs must be incurred within one year of commencing employment and claims must be submitted within 15 months of that date. All removal expenses must fall within HM Revenue and Customs rules: <https://www.gov.uk/expenses-and-benefits-relocation>

#### **8. Leaving Institution employment and paying back a previous claim**

In the event of an individual leaving employment earlier than anticipated the Human Resources department/payroll will seek repayment of relocation costs previously reimbursed to the employee.

Where an employee leaves the Institution early they are required to contact Human Resources to arrange reimbursement to the Institution of the relevant proportion of relocation costs they have claimed.

Previously reimbursed costs must be repaid to the Institution by the employee before leaving the Institution's employment as follows:

<b>Date of departure</b>	<b>% of relocation costs to be reimbursed</b>
Departure during first year	100%
Departure during second year	66%
Departure during third year	33%

## Appendix 1

### Guidance Notes: HM Revenue & Customs (HMRC) Conditions for Tax Relief

#### 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 Institution's policy is in line with that of HMRC and the type of costs the Institution will reimburse should fall within HMRC definitions of qualifying costs for the purpose of tax relief.

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 a new home within a reasonable distance.

The available tax relief is subject to a number of stringent HMRC conditions relating to the reasons for relocation; the category of cost incurred; the location of the new and old homes; and 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) is 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).

#### 2. Disclosure of taxable benefits relating to relocation

The Institution will report the total amount paid for relocation to HMRC at the end of each tax year. If that total exceeds £8,000, HMRC will seek payment of tax at the appropriate marginal rate on the excess. Any taxation liability over the concession limit or outside of the concessions will be the responsibility of the employee.

#### 3. 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 Institution:

- The employee must change his or her main residence as a result of taking up the post at the Institution
- 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 Institution Relocation Expenses Policy fulfils these conditions and tax relief should be available on all reimbursed expenditure up to a maximum of £8,000 of qualifying costs incurred, or the amount of actual costs incurred if lower.

#### 4. 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 Institution.

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 Institution, 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 the Payroll department. For example if:

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

#### 5. 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 Institution, and the old residence must not be within reasonable daily travelling distance of the new normal place of work at the Institution.

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 of whether that distance is reasonable. The Institution will not normally 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 peak commuting hours.