



The
University
Of
Sheffield.

The University of Sheffield
Department of Finance

Staff Fees, Expenses and Benefits

Guidance on reimbursement of costs of relocation

Version 2010.2

Regulations implemented – 10 May 2010

GUIDANCE ON REIMBURSEMENT OF COSTS OF RELOCATION

This guidance provides detailed information about the University of Sheffield (the University) terms and procedures for reimbursement of relocation costs. For staff newly appointed under an open ended contract, and at University Grade 7 or above, the University will consider making a contribution towards the costs of relocation as set out in the detailed policy below.

Confirmation of the amount of any contribution to relocation costs will be provided by the [Department of Human Resources](#) with the letter of offer. In the event of an individual leaving employment earlier than anticipated the Department of Human Resources will seek repayment of relocation costs previously reimbursed to the employee.

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1. SUMMARY

The University's policy is to contribute to the costs of relocation incurred to take up a post at the University where costs relate to: travel to a new home following relocation, the transportation and temporary storage of personal belongings, and temporary accommodation until a permanent home is purchased.

Confirmation of the amount of any contribution to relocation costs will be provided by the [Department of Human Resources](#) with the letter of offer. Once in receipt of the offer letter new employees should contact the [Expenses Team](#) in the Department of Finance for advice on meeting the requirements set out in this document.

The [Expenses Team](#) will provide advice to new employees to:

- Confirm the time limits within which costs should be incurred and claims made for reimbursement
- Discuss any unusual circumstances particular to the employee and provide advice on how this may affect an employee's claim
- Ensure the employee is clear as to the documentation required to support any claim for reimbursement of relocation costs, such as the retention of all relevant quotes and receipts for costs incurred

Should an employee's circumstances change during the relocation process they must inform the [Expenses Team](#) at the earliest opportunity so they can advise the employee of any potential impact upon their claim.

[Appendix I](#) gives an overview of the conditions set by HM Revenue & Customs (HMRC) which must be met before tax relief is available against reimbursed relocation costs. It should be noted that the University 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.

2. PURPOSE OF THE POLICY

This policy applies to staff that have been offered a relocation package as one of the terms and conditions set out in a formal offer letter from the [Department of Human Resources](#).

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 University of Sheffield. It will enable recruiting managers to make appointments at Grade 7 or above that support the University's aim to deliver learning, teaching research and knowledge of the highest quality.

This guidance should be read in conjunction with the University [Policy on the Payment of Market Supplements](#).

3. AIM OF THE POLICY

In providing assistance with the cost of relocation it is the aim of the University 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 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.

4. SCOPE OF THE POLICY

The University 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. (See [Appendix I - paragraph 5](#) for HMRC views on what is a reasonable distance).

The reimbursement of costs detailed below should be regarded as a contribution towards the cost of relocation. It is important to note that it is not intended as a means of reimbursing the entire costs associated with relocation.

The availability of tax relief on contributions made by the University towards the cost of relocation is subject to HMRC regulations as summarised in [Appendix I](#).

If there are circumstances that may complicate a planned relocation these should be raised as soon as possible with both the [Department of Human Resources](#) and the [Expenses Team](#). These will then be discussed on an individual case basis.

5. ELIGIBILITY

To be eligible for a contribution toward the costs of relocation the job role into which an individual is newly appointed must be an open ended contract, at University Grade 7 or above.

The reimbursement of relocation costs is intended to support the recruitment of new University employees and therefore precludes existing employees transferring to a new post within the University, or those staff who have been promoted, from making claims for reimbursement of relocation costs.

Eligibility for a contribution towards the reasonable costs associated with relocation has been determined by the University as follows:

Sole or main place of residence	Potential financial contribution
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
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The University contribution to relocation costs for a part-time post will be pro-rata to the percentage full-time equivalent (FTE) of the post.

6. PROFESSORIAL POSTS

For staff taking up an appointment at professorial or equivalent level, the University's contribution to relocation costs will be discussed on an individual basis and the agreed contribution to relocation costs stated in the offer letter.

7. PARTNERS RELOCATING TOGETHER TO TAKE UP INDIVIDUAL POSTS

In situations where more than one member of a household is to become a University 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 [Department of Human Resources](#) and the [Expenses Team](#) prior to making any financial commitments on the basis of the assumption of dual allocation.

8. 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:

8.1. Personal travel to take up your post

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 University will reimburse the cost of a single journey to or within the UK as detailed below:

Mode of travel	Permissible costs
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

8.2. 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

Also see [removal costs which are not permissible](#).

8.3. Accommodation

The University expects new staff to use University accommodation where this is available to meet a short term need for accommodation on relocation to Sheffield.

8.4. Temporary and guest accommodation

The University has guest accommodation available for one night or more in the student residences 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:

Website: www.withus.com/conference/bookingpage

8.5. Long term and permanent accommodation

The University also has a list of private sector flats and houses for letting to members of staff at the University. For further information new members of staff should contact propertywithUS:

Telephone: +44 (0)114 22 26058

Email: propertywithus@sheffield.ac.uk

Website: www.shef.ac.uk/accommodation/privatehousing/staff

Where University accommodation is not available to meet the needs of employees relocating to Sheffield the University will reimburse one of the following accommodation costs:

- Temporary accommodation before moving into a permanent home
- Hotel accommodation on initial arrival in the UK from overseas
- Rent payable on temporary accommodation and detailed within a formal lease agreement

If a rented property is to be the permanent new home then the rent will not qualify as the cost of relocation and will not be reimbursed.

8.6. Sale and purchase costs of property

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

Also see [property costs which are not permissible](#).

9. NON PERMISSIBLE COSTS

The University will NOT reimburse the following categories of expenditure:

9.1. Removal costs

The University will NOT pay for these types of removal costs:

- The separate removal of individual items, for example a piano
- The removal of motor vehicles, livestock or domestic animals
- 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)

9.2. Property costs

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

9.3. Personal Costs

The University will NOT pay for these personal costs:

- The costs incurred in obtaining visas and passports
- The compensation for losses incurred on sale of property or personal belongings

10. PROCEDURE FOR MAKING A CLAIM

All claims for reimbursement should be made using the University's expenses system and on the appropriate [Certified Claim for Expenses form](#) accompanied by original receipts, invoices and supporting documentation. Employees are advised to retain copies for future personal reference before submitting claims to the address on the form.

10.1. Retaining receipts and documentation

Original receipts are required to support all the expenditure you submit a claim for. The University 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 Department of Finance. You are advised to retain copies for future personal reference.

10.2. Engaging third party suppliers or contractors

The University 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 University must be provided with at least **two quotations** with the expectation that, following the value for money principle, the University will normally agree to pay the lowest quotation.

10.3. 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 [Expenses Team](#) **before** incurring any costs.

10.4. Time limits on making a claim

The time limits to claim tax relief associated with the reimbursement relocation costs are determined by HMRC.

In general the reimbursement of costs must be made within one year of the appointment. This is because the costs must be incurred, and a claim for reimbursement made, prior to the end of the tax year that follows the one in which the appointment was made. (A tax year runs from the 6 April in one year until the 5 April in the following year.)

For example, for an appointment made in March 2009, the completed claim for reimbursement must be submitted, and payment made within the 2009 - 2010 tax year and no later than the 5 April 2010.

10.5. Leaving University employment and paying back a previous claim

In the event of an individual leaving employment earlier than anticipated the [Department of Human Resources](#) will seek repayment of relocation costs previously reimbursed to the employee.

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

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

Date of departure	% of relocation costs to be reimbursed to the University of Sheffield
Departure during first year	100%
Departure during second year	75%
Departure during third year	50%

10.6. Handling of queries about a claim

The [Expenses Team](#) will review the claim to confirm costs claimed can be properly reimbursed under the University's policy and within the agreed financial contribution.

Questions arising from the claim will be raised with the claimant by the [Expenses Team](#). Once any queries are resolved then reimbursement of qualifying expenditure will be made through the University payroll system.

10.7. Personal tax implications

Any reimbursed costs that are subject to tax will be notified to the employee at the same time as payment is made. These will also be reported by the University on Form P11D as detailed below in [Appendix I – paragraph 2](#).

Need help or more information?

If you have not received your employment offer letter please contact the [Department of Human Resources](#).

Contacting the Expenses Team in the Department of Finance:

Lynne Conlan or Debi Dent on +44 (0) 114 22 24976/21531 or email expenses@sheffield.ac.uk

To download an expenses claim form go to [A-Z of forms](#) and download the one called 'Expenses claim form for staff'.

[Appendix I](#) - Guidance Notes: HM Revenue & Customs (HMRC) Conditions for Tax Relief

APPENDIX I

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

It should be noted that the University does not automatically reimburse all categories of relocation costs that might qualify for tax relief under HMRC's guidance. If there is any doubt whether an expense would be reimbursed under the University policy or that it is an expense qualifying for tax relief employees should contact the [Expenses Team](#) to discuss it.

The costs the University will reimburse are those incurred to move the employee, employee's family, furniture and any personal effects to the new home in Sheffield 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 a new home in Sheffield.

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 University is required to disclose to HMRC all benefits in kind provided to its employees. It does so by filing a Form P11D at the end of the relevant tax year for each individual who has received benefits in kind.

Relocation costs that are reimbursed but do not attract tax relief under HMRC rules are disclosed as benefits in kind and reported on Form P11D in this way.

No disclosure is required by an employee personally under self assessment or by the University of reimbursed costs that qualify for tax relief and are within the £8,000 tax exemption limit.

A copy of the Form P11D sent to HMRC is provided to the employee shortly after the end of the tax year to 5 April in which the costs were reimbursed. This form confirms the amount of the taxable benefit in kind that the employee will need to disclose on a personal self assessment tax return for the same year. Additional income tax on the amount disclosed may be due on the benefits.

If additional income tax is due on the benefit in kind it will be payable by the employee personally before 31 January in the year following the end of the tax year in which costs were reimbursed.

For example:

Relocation costs were reimbursed on 1 May 2009 and Form P11D filed by the University on 6 July 2010. This falls in the tax year ended 5 April 2010 (2009/2010).

Your personal 2009/2010 tax return must be filed before 31 January 2011 disclosing the benefit in kind; and Tax due is payable before 31 January 2011.

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 University:

- The employee must change his or her [main residence](#) as a result of taking up the post at the University
- 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 University Relocation 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 University.

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 University, 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 [Expenses Team](#). 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 University, and the old residence must not be within reasonable daily travelling distance of the new normal place of work at the University. '*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 of whether that distance is reasonable. The University 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. As a rule of thumb this is not expected to be more than an hour.

6. Time limit

The relocation costs must be incurred, or the relocation benefits provided, before the end of the tax year following the one in which the employee takes up the post at the University. (Tax years run from 06 April to 05 April in each year.)

As long as the employee physically moves home then the date on which the removal takes place does not matter. The time limit will be satisfied for each expense incurred or benefit provided before the deadline.

Example 1: The start date of the post at the University was 01 May 2009 which falls in the tax year 2009 / 2010, ending 05 April 2010. **Time limit** within which costs must be incurred or the benefits provided is the period from 01 May 2009 to 05 April 2011. (23 months).

Example 2: The post started on 01 March 2009 in the tax year 2008/2009, ending 05 April 2009. **Time limit** within which costs must be incurred or the benefits provided is the period from 01 March 2009 to 05 April 2010. (13 months.)

The contractual start date of the post at the University determines the length of time that an employee has in practice to find a new home and qualify for tax relief on the reimbursement of 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 the [Expenses Team](#).

7. Extension of time limit

In certain very limited circumstances, such as school age children taking exams or difficulty in selling the former residence, HMRC may consider a request to extend the time limit.

If an employee believes their circumstances support seeking an extension to the time limit they must contact the [Expenses Team](#) as soon as possible so they may approach HMRC on their behalf.

8. Two or more members of a household relocating together

Where more than two members of a household are relocating, each to take up a separate post at the University, the contribution that the University will make should not be assumed to be double that of an individual relocating.

HMRC may agree, in very limited circumstances, to increase the threshold of £8,000 for tax relief against reimbursed costs of relocation and provided both persons have responsibility for meeting household costs etc.