Adding Estimated Tax to Relocation Expense Reports

The steps below will explain how SFS will handle deducting the tax from any Relocation expense report.

1. If you choose Business Purpose of Relocation the following pop-up message will be displayed.

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Since you have chosen a business purpose of "Relocation", you must add the expense type of E-Re Estimated Withholding. Manually calculate the total reimbursable and prepaid expenses multiplied by 30%. (i.e. $10,000 x .30 = $3,000). The amount should be entered as a negative amount (i.e. -3,000.00).

In order to be in compliance with Federal and State tax withholding and reporting regulations, FICA (Social Security and Medicare), Federal, and State tax are being estimated for this relocation expense reimbursement. See IRS Publication 521, Moving Expenses for more information.

The taxable amount will appear on your payroll earnings statement with the appropriate tax withholding. The estimated withholding tax entered for this relocation expense reimbursement will offset the tax withholding on your payroll earnings statement. Relocation expenses will appear as taxable wages on your Form W-2 in addition to being subject to FICA, Federal, and State tax withholding, if applicable.

If you are an alternate entering an expense report on behalf of an employee, please make sure to let them know that the reimbursement is subject to tax and the amount of estimated withholding that will be deducted from the payment.
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2. After adding the regular expense lines to the expense report the traveler/alternate must add a line for E-Re Estimated Withholding expense type.

3. The traveler/alternate must do the calculation to deduct 30% of the total for this expense report including the Prepaid Purchasing Card Amounts.

4. The Payment Type must be set to Personal Funds.

5. The Amount must be negative. Whenever a negative number is inputted into an expense report a Credit Reference Required field needs to be filled in. The note to be added to the Credit Reference Required field could be Tax Deduction amount or something similar. (see example
6. The traveler will not be able to submit the expense report if the E-Re Estimated Withholding Expense line has not been added to the report.