

Relocation Allowances

§ 302-12.100

§ 302-12.4 For what relocation services expenses will my agency pay?

Your agency will pay the relocation services company's fees/expenses for the services you are authorized to use. If your agency pays the relocation services company for actual expenses the company incurs on your behalf, payment to the company is limited to what you would have received under the direct reimbursement provisions of this chapter.

§ 302-12.5 If I use a contracted-for relocation service that is a substitute for reimbursable relocation allowance, will I be reimbursed for the relocation allowance as well?

No, if you use a contracted-for relocation service that is a substitute for reimbursable relocation allowance, you will not be reimbursed for the relocation as well.

§ 302-12.6 What expenses will my agency pay if I use a relocation services company to ship household goods in excess of the maximum weight allowance?

If you use a relocation services company to ship HHG in excess of the maximum weight allowance, your agency will pay the portion of the fee attributable to 18,000 pounds net weight. You must pay the rest.

§ 302-12.7 What expenses will my agency pay if I use a relocation services company to sell or purchase a residence for which I and/or a member(s) of my immediate family do not have full title?

If you use a relocation services company to sell or purchase a residence for which you and/or a member(s) of your immediate family do not have full title, your agency will pay the portion of the relocation services company's fee attributable to your pro rata share of the residence, in accordance with § 302-11.103 of this chapter. You must pay any portion of the fee attributable to other than your pro rata share of the residence.

§ 302-12.8 If my agency authorizes me to enter a homesale program, must I accept a buyout offer from the relocation services company?

No, if your agency authorizes you to enter a homesale program, your agency must give you the option to accept or reject an offer from the relocation services company.

§ 302-12.9 What are the income tax consequences if I use a relocation services company?

You may incur income taxes on relocation services provided by a relocation services company and paid for by your agency. Section 82 of the Internal Revenue Code states there shall be included in gross income (as compensation for services) any amount received or accrued, directly or indirectly, by an individual as a payment for or reimbursement of expenses of moving from one residence to another residence which is attributable to employment. You will receive a relocation income tax (RIT) allowance if your agency determines that such expenses are taxable. The Government does not assume responsibility for payment of your taxes, however, and you may wish to consult a tax professional on income tax reporting.

Subpart B—Agency's Use of a Relocation Services Company

NOTE TO SUBPART B: Use of pronouns "we", "you", and their variants throughout this subpart refers to the agency.

§ 302-12.100 What are "relocation services"?

"Relocation services" are services provided by a private company under a contract with an agency to assist a transferred employee in relocating to the new official station. Examples include homesale programs, home marketing assistance, home finding assistance, and property management services.

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§ 302-12.101 May we enter into a contract with a relocation services company for the company to provide relocation services?

Yes, you may enter into a contract with a relocation services company for the company to provide relocation services.

§ 302-12.102 What contracted relocation services may we provide at Government expense?

You may pay for contracted relocation services that are substitutes for reimbursable relocation allowances authorized throughout this chapter. For example, you may pay for homesale services as a substitute for residence sale expenses, or household goods management services as a substitute for transportation of household goods.

§ 302-12.103 May we separately contract for each type of relocation service?

Yes, you may separately contract for each type of relocation service or you may combine several types of relocation services in a single contract.

§ 302-12.104 What is the purpose of contracting for relocation services?

The purpose of contracting for relocation services is to improve the treatment of employees who are directed to relocate to facilitate the retention of a well-qualified workforce.

§ 302-12.105 How must we administer a relocation services contract?

You must balance the positive effects that availability of relocation services has on employee mobility and morale with any increased costs your agency may experience as a result of providing relocation services.

§ 302-12.106 What policies must we establish when offering our employees the services of a relocation services company?

When offering your employees the services of a relocation services company, you must establish policies governing:

- (a) The conditions under which you will authorize an employee to use a relocation services company;
- (b) Which employees you will allow to use a relocation services company;

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(c) What relocation services you will offer an employee; and

(d) Who will determine in each case if an employee may use a relocation services company and what services will be offered.

§ 302-12.107 What rules must we follow when contracting for relocation services?

You must follow the rules contained in the Federal Acquisition Regulations (FAR) (48 CFR) and/or other procurement regulations applicable to your agency.

§ 302-12.108 What are the income tax consequences that we must consider when offering relocation services?

Amounts you pay to a relocation services company on behalf of an employee may be taxable to the employee. In some cases, such as certain homesale programs, the amounts may not be taxable. You must determine the taxability of such payments, and pay a relocation income tax (RIT) allowance in accordance with part 302-17 of this chapter on payments you determine to be taxable to the employee. You may contact the: Assistant Chief Counsel (Income Tax & Accounting), Internal Revenue Service, 1111 Constitution Avenue, NW., Room 5501, Washington, DC 20224, for information on the income tax consequences of payments you make to a relocation services company.

§ 302-12.109 What must we consider in deciding whether to use the fixed-fee or cost-reimbursable contracting method?

You must consider the following factors in deciding whether to use the fixed-fee or cost-reimbursable contracting method:

- (a) *Risk of alternative methods.* Under a fixed fee contract, the relocation services company bears all risks not expressly contained in the contract. Under a cost-reimbursable contract, you must assume some or all risks and, therefore, must assume some management responsibilities under the contract as well. For example, under a fixed fee homesale program you are not directly liable for losses incurred if a residence does not sell immediately,