



Relocation Policy
Human Resources Department

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1.0 Summary

- 1.1 The University of Liverpool will 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 belonging; and
 - temporary accommodation until a permanent home is purchased.
- 1.2 Eligibility for removal expenses must be specified in the letter of appointment. The full costs of removing furniture and personal effects to the new area and any identified costs connected to the move will be paid, up to a maximum of one month's gross basic salary. The costs are payable on commencing the appointment.
- 1.3 Once in receipt of the appointment letter a new employee should contact the Payroll Manager for advice. He/She can provide further support on:
- The time limits within which costs should be incurred and claims made for reimbursement, (as shown in appendix 1)
 - Any unusual circumstances particular to the employee and advice on how this may affect an employee's claim.
 - 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.
- 1.4 Should an employee's circumstances change during the relocation process they must inform the Payroll Manager at the earliest opportunity so that he/she can advise the employee of any potential impact upon their claim.
- 1.5 Appendix 1 gives an overview of the conditions set out 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.

2.0 Purpose of the Policy

- 2.1 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 Liverpool. This supports the University's aims of delivering high quality learning and teaching, research and knowledge exchange.

3.0 Aim of the Policy

- 3.1 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 support the strategic objectives of the institution. The relocation

policy is designed to assist in alleviating some of the financial and practical challenges associated with relocation.

- 3.2 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.

4.0 Scope of the Policy

- 4.1 The University will consider making a contribution towards relocation costs incurred by new employees, 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 1 – paragraph 5 for HMRC view on what is a reasonable distance).
- 4.2 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 1.

5.0 Eligibility

- 5.1 The policy is normally applicable to staff joining the University in posts which meet the eligibility conditions below
- Newly appointed members of staff who are required to locate within a reasonable distance of the University to meet the requirements of the post.
 - The post to which the employee is appointed must have been advertised nationally. This includes: University of Liverpool website, jobs.ac.uk, national media/journals.
 - The post must be for a period of more than three years

6.0 Conditions

In making a claim for relocation expenses a member of staff must:

- Have accepted a written offer of employment with the University
- Acknowledged that, should they leave the employment of the University before the completion of two years' service, the University retains the right to reclaim all, or a portion of the payment made as follows.

Time	% Repayment
Up to 6 months	100% reclaim
Over 6 months up to 12 months	80% reclaim
Over 12 months up to 18 months	60% reclaim
Over 18 months up to 24 months	40% reclaim

- The requirement to repay relocation expenses will be waived where a member of staff leaves before two years have expired following a change instigated by the University over which the individual has no direct control.

7.0 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.

7.1 Personal travel to take up the post.

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

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 or equivalent rate for a car ferry
Air travel	The cost at tourist or economy class rate

7.2 Removal costs

The University will reimburse the cost of:

- Moving normal household effects within the UK, packing and unpacking (for one household move only)
- Moving normal household effects to the UK normally via surface freight
- Temporary storage of domestic belongings not exceeding a period of two weeks
- Insurance of domestic belongings during transit and in storage
- Moving ordinary domestic pets

Also see removal costs which are not permissible. (See Section 8)

7.3 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 cost of advertisement
- Valuation fees
- Land registry fees
- Stamp Duty
- Disconnecting gas, electricity, water and telephone supplies
- Connection fees for gas, electricity, water and telephone supplies

7.4 Domestic goods

- Costs of replacing domestic goods such as carpets, curtains and cookers because the goods used in the old home are unsuitable for installation in the new home, less any amount received for the old goods.

Also see relocation costs which are not permissible (See section 8)

8.0 Non permissible costs

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

8.1 Removal costs

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

8.2 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 redirection of mail
- Council tax charges whilst properties are empty
- The interest payments on the mortgage of the employee's existing home

Appendix 1

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

1.0 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 whether an expense qualifies for tax relief employees should contact the Payroll Manager 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 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 in Liverpool.

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) 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).

2.0 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 the actual costs incurred if lower.

3.0 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 Payroll Manager. For example if:

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

4.0 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 whether that distance is reasonable. The University 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.

5.0 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 university. (The PAYE year runs from 6th April to 5th April).

Example 1: The start date of the post at the University 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 University 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 university 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 the Payroll Manager.

6.0 Extension of time limit

In certain 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 Payroll Manager as soon as possible so they may approach HMRC on their behalf.

7.0 Two or members of a household relocating together

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