

Tax Implications for Temporary Assignment vs Permanent Relocations for Harvard Employees or People Performing Work on Behalf of Harvard

There are different IRS regulations regarding expenses for individuals moving for temporary (one year or less) or permanent (greater than one year) appointments at Harvard. These individuals must be completing work on behalf of Harvard; the below chart does not apply to individuals who incur expenses for their own research or professional development. Generally, the information provided in this section below is compiled from IRS Publication 463 and 521. Not every scenario is addressed, where unusual circumstances arise, contact your local Finance Office or [Tax Office](#) for guidance. Additional policies and guidance may be found at [Financial Policy Office](#).

Assignment Type	Definition	Employment Period with Some Examples	Tax Status
Temporary Assignment (may also be called temporary relocation)	<p>Employment away from home in a single location that is realistically expected to last for one year or less and the individual's tax home does not change.</p> <p>Generally, an individual must be completing work on behalf of Harvard or Harvard faculty on an approved sabbatical. If an individual is completing their own research or professional development, these expenses are considered taxable.</p>	<p>≤ 1 year (12 months)*</p> <p>Examples:</p> <ul style="list-style-type: none"> • Faculty on sabbatical, temporarily relocating to another state or country. Note: Any lodging expenses incurred at the sabbatical location would be less any income received by the faculty member for renting out their primary residence. • Temporary visiting faculty to Harvard with a 10-month appointment <p>*If the original appointment was expected to be less than a year, but is extended to more than a year, expenses are taxable from the agreed upon date of the extension.</p>	<p>A department may elect to reimburse for transportation, meals and housing costs as a business expense. These would be processed as a reimbursement through Concur, or HCOM (if a non-employee).</p> <p>These expenses must follow the accountable plan rules – timely submission for reimbursement with appropriate receipts and documentation (who, what, where, when, why). See the Travel Policy and Processing Taxable Employee Moving Expenses</p>
Permanent Relocation	<p>One-way relocation for an indefinite period of time. This most often applies to new employees and faculty with no employment end date or appointments greater than one year.</p>	<p>≥ 1 year (12 months)</p> <p>Examples:</p> <ul style="list-style-type: none"> • New tenured faculty member • Employee Postdoc Fellow with a 2-year appointment 	<p>A department may elect to reimburse for moving expenses; however, as of 1/1/18 all moving expenses are considered taxable. Any amounts paid by Harvard must be processed as additional compensation and may be grossed-up at the school or unit's discretion and if the budget and funding allow. See Processing Taxable Employee Moving Expenses.</p>
Business Travel	<p>Harvard will reimburse individuals for travel expenses incurred conducting University business. Travel expenses must be reasonable and necessary, and travelers must always use the most cost-effective means of travel. Travelers must follow Harvard's Travel Policy.</p>	N/A	<p>Process via Concur or HCOM depending on employment status. These expenses must follow the accountable plan rules – timely submission for reimbursement with appropriate receipts and documentation (who, what, where, when, why). See the Travel Policy.</p>

Assignment Type	Definition	Employment Period with Some Examples	Tax Status
Other	<p>Additional, infrequent cases <u>may</u> qualify as a Harvard business expense such as:</p> <ul style="list-style-type: none"> • An employee whose main place of business or work is not Massachusetts, who incurs two sets of living expenses simultaneously, and whose main home is in another state. • Travel between two job sites. 	Contact the <u>Tax Reporting Office</u> for determination and guidance.	Process via Concur or HCOM depending on employment status. These expenses must follow the accountable plan rules – timely submission for reimbursement with appropriate receipts and documentation (who, what, where, when, why). See the <u>Travel Policy</u> .

Tax Implications for Recruitment, Hiring and Visa Expenses

Not every scenario is addressed; where unusual circumstances arise, contact your local Finance Office or Tax Office for guidance.

BEFORE AN OFFER ACCEPTED – RECRUITMENT

Payment of expenses such as airfare, hotel, and meals during the recruitment process are not taxable and any out-of-pocket expenses may be processed as a nonemployee reimbursement (NR). Please be sure the individual's VISA status allows reimbursement of expenses. All payments are at the school or unit's discretion, if the budget and funding allows, and should be agreed-upon in writing.

Type	Definition	Nontaxable (qualified) The below may be paid at the school or unit's discretion and if the funding and budget allows.	Taxable (nonqualified) The below may be paid at the school or unit's discretion and if the funding and budget allows. Schools and units may choose to gross-up these fees if at their discretion.
Pre-Employment: All types including prospective students, interns, fellows, etc. (i.e., not yet an employee or registered student)	<p>Expenses for any individual being brought to Harvard as part of a recruitment process are considered recruitment expenses and are qualified (nontaxable) business expenses.</p> <p>This includes expenses for all prospective employees including, for example, staff, faculty, or students or fellows (e.g., one who has not yet accepted employment, admission or a fellowship to Harvard).</p>	<ul style="list-style-type: none"> • Airfare, hotel, meals. • <i>Harvard should make direct payments to vendors, such as airfare and hotels, where possible.</i> <p>Process via Concur or HCOM depending on employment status and when expense was incurred. See <u>Reimbursements and Changes in Employment Status</u> under related resources. Follow Harvard's <u>Travel Policy</u>.</p>	<ul style="list-style-type: none"> • Any service fees (e.g., as part of the interview process an individual is given an honorarium for a public presentation). • Any travel allowances or travel advances given to the individual prior to the travel occurring or in lieu of following accountable plan rules (e.g., a lump-sum payment without collecting receipts). <p>Process via Payroll or HCOM depending on employment status and when expenses were incurred. See <u>Reimbursements and Changes in Employment Status</u>.</p>

AFTER AN OFFER OF EMPLOYMENT HAS BEEN ACCEPTED

Any expenses incurred between the time an individual accepts an offer and the job start date are generally considered taxable. These types of payments may include housing expenses (e.g., pre-move new house-hunting costs, moving costs, housing costs), sign on bonus or other contractual or negotiated payments. Harvard should not pay directly for these expenses (e.g., airfare or lodging expenses paid through BCD or Citibank). These expenses should be a reimbursement to the new employee or paid as additional compensation or 3rd party payment to a vendor. Certain visa costs and related expenses may be considered nontaxable if they meet the below criteria. All payments are at the school or unit’s discretion, if the budget and funding allow it and should be agreed-upon in writing through the offer letter or other official correspondence.

Employee Type	Definition	Nontaxable (qualified) The below may be paid at the school or unit’s discretion and if the funding and budget allows.	Taxable (nonqualified) The below may be paid at the school or unit’s discretion and if the funding and budget allows. Schools and units may choose to gross-up these fees if at their discretion.
<p>Biweekly Employees Monthly Faculty Internal Post Docs</p> <p>Most common pay groups are POU, PON, PFX, MFC, MIP</p>	<p>Employees hired for more than a year, who are working on behalf of Harvard. Generally, these employees are benefits-eligible.</p>	<ul style="list-style-type: none"> • Harvard sponsored visa¹ as a requirement of the individual’s employment at Harvard. Generally these visa fees are paid directly by Harvard using the <u>Homeland Security Visa Request Payment Form</u> and are for tenured or tenure track faculty or senior researchers and are reviewed by and submitted through the Harvard International Office (HIO). • <u>All</u> legal fees for filing Lawful Permanent Resident (LPR), Green Card, Permanent Residency or other government applications when a Harvard-sponsored visa. All payments are at the school or unit’s discretion, if the budget and funding allow it and should be agreed-upon in writing. 	<ul style="list-style-type: none"> • <u>All</u> moving or house-hunting expenses • <u>All</u> Visa, Green Card, or Permanent Residency fees and expenses for family members (spouse, children, etc.) • <u>All</u> Visa fees and expenses for changes in personal status (e.g., marriage, name change, etc.). • <u>All</u> legal or other visa filing fees or expenses for family members. • <u>All</u> legal or other visa filing fees or expenses for changes in any family member’s personal status (e.g., marriage, name change, etc.)
<p>Temporary Employees Monthly Teaching Fellow External Post Doc</p> <p>Often called Nonemployee Fellows or Stipendee. The most common pay groups are: WTM, MTF, MEP</p>	<p>Generally, payments to support an individual in the pursuit of their professional development, personal learning or scholarship or to fund their own research activities are considered fellowship payments and are considered taxable.</p> <p>See the <u>Fellowship Payments and Reimbursements for Students and Non-employee Postdocs/Fellows Policy</u></p>	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Non-sponsored Harvard visas • Visas that Harvard may process for individuals coming to Harvard where the work being completed is not for the primary benefit of Harvard (i.e., for individual’s own individual research, training or professional development). • Moving Expenses • Research or Travel Allowances • Stipends – see <u>Fellowship Payments and Reimbursements for Students and Non-employee Postdocs/Fellows</u>

Additional Contractual Considerations	Definition	Nontaxable (qualified) The below may be paid at the school or unit’s discretion and if the funding and budget allows.	Taxable (nonqualified) The below may be paid at the school or unit’s discretion and if the funding and budget allows. Schools and units may choose to gross-up these fees if at their discretion.
Other Housing	<p>Harvard employees who are required as part of their job to live in Harvard housing may have special considerations.</p> <p>Examples: University President or Dean, Clergy, House Heads required to live in Harvard housing.</p>	<ul style="list-style-type: none"> Expenses related to the upkeep of the Harvard-owned property are generally paid directly by Harvard. Consumable supplies used for Harvard business (e.g., public quarters of the house). 	<ul style="list-style-type: none"> Personal household expenses. This includes expenses such as furniture, general household items, consumable supplies, etc. that are for personal use or used in the private quarters of a Harvard-owned residence. Moving expenses (even if it is a condition of employment).
Other Expenses	<p>Other contractual agreements such as sign-on bonuses, housing or mortgage subsidies, childcare assistance, personal educational assistance, medical etc. may be considered taxable to the employee. Contact your finance office or the Tax Office for guidance.</p>	<p>Contact your local Finance Office or the <u>Tax Reporting Office</u> for determination and guidance.</p>	<ul style="list-style-type: none"> Mortgage or housing allowances or subsidies Child care assistance Spouse or dependent assistance Spouse or dependent tuition support Non job-related tuition assistance over the IRS threshold. Medical

¹ Common Harvard-sponsored visa types which may be considered a Harvard business expense include H-1B, O-1, visa fees for tenured or tenure track faculty (assistant or associate professors) or Senior Researchers and some J-1 Exchange Visitor fees. The individuals must be Harvard employees doing work for the benefit of Harvard. Harvard sponsored I-140 Immigrant petition for alien worker and Form I-485 – Application to Register Permanent Residence or Adjust Status, plus any other filing requirements for the I-485 (i.e., required medical exam, travel, legal fees, etc.) or Consular Processing are considered a Harvard business expense and may be reimbursed *at the discretion of the school or unit*. Self-sponsored I-140 or I-485 forms are considered nonqualified (taxable) payments. It is at the discretion of the schools if they wish to cover premium processing fees in addition to basic visa fees.