

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 Compliance Office](#) for guidance. Additional policies and guidance may be found at [Financial Policy Office](#).

Generally, regular commuting expenses are considered personal expenses and cannot be paid or reimbursed as a business expense. See Harvard's [Business Expense Reimbursement Policy and Addendum](#) for additional details.

Assignment Type	Definition	Employment Period with Some Examples	Tax Status
Temporary Assignment (may also be called temporary relocation)	<p>Working away from your tax home¹ in another location that is realistically expected to last for one year or less and your tax home does not change and you are incurring two sets of living expenses simultaneously.</p> <p>Generally, an individual must be completing work on behalf of Harvard or Harvard faculty on an approved sabbatical for these expenses to be nontaxable. If an individual is completing their own research or professional development (e.g., nonemployee fellowship/stipendee/external postdoc), these expenses are considered taxable.</p>	<p>≤ 1 year (12 months)².</p> <p>Examples:</p> <ul style="list-style-type: none"> • Faculty on sabbatical, temporarily relocating to another state or country. Transportation, lodging, meals may be considered qualified at a School or Unit's discretion. Moving of household items would be considered taxable. 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. • Travel, housing, or meal costs for temporary visiting faculty to Harvard with a 10-month appointment may be considered qualified expenses at a School or Unit's discretion as long as their original tax home does not change (e.g., incurs two sets of living expenses and remains a resident of that state). Moving of household items would be considered taxable. • An internal postdoc who has recently graduated from college moves to Massachusetts for a 12-month employee fellowship but does not keep an apartment in their previous state. Any housing expenses would be considered taxable since they do not have a main home and are not incurring two sets of living expenses. If however, the internal postdoc employee keeps an apartment in the other state, the appointment is 12 months or less and their tax home is in that state, the housing and living expenses may be considered a qualified (nontaxable) business expense. 	<p>A department may elect to reimburse for transportation (ongoing travel between Harvard and their tax home), meals and housing costs as a business expense. These would be processed as a nontaxable reimbursement through Concur, or B2P (if a non-employee). Moving of household items would be considered taxable and processed as additional compensation or as a payment request (PR).</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> <p>When submitting a reimbursement request, the School or Unit must confirm with the employee that the expense qualifies as a temporary assignment and include language attesting this in the business purpose or comments section of the request or attach a completed Temporary Assignment Attestation Form with the reimbursement request.</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 • Employee Postdoc Fellow with a 10-month appointment who is not incurring two sets of living expenses concurrently. 	<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 under related resources Processing Taxable Employee Moving Expenses.</p>

¹ Generally, your tax home is considered your regular place of work, regardless of where you maintain your family home/residence and regardless of whether you work remotely.

² 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.

Assignment Type	Definition	Employment Period with Some Examples	Tax Status
Business Travel	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 .	N/A	Process via Concur or B2P 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 .
Other	Additional, rare cases involving short-term visits to Harvard <u>may</u> qualify as a Harvard business expense. Contact Tax Compliance Office for determination and guidance. These cases require additional review and documentation; in general, travel to Harvard may be considered a business expense if the travel is outside of the employee's tax home ³ and their main place of practice (employment or business) is not Harvard, and expenses meet IRS accountable plan rules.	A practicing architect who holds a part-time lecturer position at Harvard whose main place of practice (employment) is New York and whose tax home is New York, and attests to such may have their travel and housing expenses in Cambridge considered a qualified business expense if all receipts meet the accountable plan rules. Contact Tax Compliance Office for determination and guidance.	Process via Concur or B2P 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 . When submitting a reimbursement request, the School or Unit must confirm with the employee that the expense qualifies under tax home and main place of practice and include language attesting this in the business purpose or comments section of the request or attach a completed Main Place of Practice Attestation Form with the reimbursement request.

Tax Implications for Recruitment, Hiring and Visa Expenses

Not every scenario is addressed; where unusual circumstances arise, contact your local Finance Office or **Tax Compliance 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 allow, 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 funding and budget allow.	Taxable (nonqualified) The below may be paid at the school or unit's discretion and if funding and budget allow. 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)	Expenses for any individual being brought to Harvard as part of a recruitment process are considered recruitment expenses and are qualified (nontaxable) business expenses. 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).	<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> Process via Concur or B2P depending on employment status and when expense was incurred. See Reimbursements and Changes in Employment Status under related resources. Follow Harvard's Travel Policy .	<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). Process via Payroll or B2P depending on employment status and when expenses were incurred.

³ Generally, your tax home is considered your regular place of work, regardless of where you maintain your family home/residence and regardless of whether you work remotely.

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. All payments are at the school or unit’s discretion, if budget and funding allow, and should be agreed-upon in writing through the offer letter or other official correspondence. Generally, regular commuting expenses are considered personal expenses and cannot be paid or reimbursed as a business expense. See Harvard’s [Business Expense Reimbursement Policy and Addendum](#) for additional details.

Employee Type	Definition	Nontaxable (qualified)	Taxable (nonqualified)
Biweekly Employees Monthly Faculty Internal Post Docs Most common pay groups are POU, PON, PFX, MFC, MIP	Employees hired for more than a year, who are working on behalf of Harvard. Generally, these employees are benefits-eligible.	<p>The below may be paid at the school or unit’s discretion and if funding and budget allow.</p> <ul style="list-style-type: none"> • Harvard sponsored visa² as a requirement of the individual’s employment at Harvard. Generally these visa fees are paid directly by Harvard using the Homeland Security Visa Request Payment Form and are for tenured or tenure track faculty or senior researchers and are reviewed by and submitted through the Harvard International Office (HIO). • All 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. 	<p>The below may be paid at the school or unit’s discretion and if funding and budget allow. Schools and units may choose to gross-up these fees if at their discretion.</p> <ul style="list-style-type: none"> • All moving or house-hunting expenses • All Visa, Green Card, or Permanent Residency fees and expenses for family members (spouse, children, etc.) • All Visa fees and expenses for changes in personal status (e.g., marriage, name change, etc.). • All legal or other visa filing fees or expenses for family members. • All legal or other visa filing fees or expenses for changes in any family member’s personal status (e.g., marriage, name change, etc.)
Temporary Employees Monthly Teaching Fellow External Post Doc Often called Nonemployee Fellows or Stipendee. The most common pay groups are: WTM, MTF, MEP	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 considered taxable. See Fellowship Payments & Reimbursements for Students and Non-employee Postdocs/Fellows Policy & Classification of Employee Fellow vs Nonemployee Fellow	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, Living, or Travel Allowances • Stipends – see classification policies at left.

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	Harvard employees who are required as part of their job to live in Harvard housing may have special considerations. Examples: University President or Dean, Clergy, House Heads required to live in Harvard housing.	<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	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.	Contact your local Finance Office or the Tax Compliance Office for determination and guidance.	<ul style="list-style-type: none"> • Mortgage or housing allowances or subsidies • Childcare assistance • Spouse or dependent assistance • Spouse or dependent tuition support • Non job-related tuition assistance over the IRS threshold. • Medical expenses

² 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.