### Tax Treatment of Travel & Moving Expense Reimbursements for Recruits

<table>
<thead>
<tr>
<th>Expense Description(1)</th>
<th>Expenses Pertaining to Recruit/Employee:</th>
<th>Expenses Pertaining to Spouse/Family:</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Prior to accepting employment, the recruit travels to Ithaca (with or without spouse/family) to interview with University personnel, meet with faculty, and tour University facilities.</td>
<td>Non-Taxable</td>
<td>Taxable</td>
</tr>
<tr>
<td>B Prior to accepting employment, the recruit visits Ithaca (with or without spouse/family) to investigate housing, schools.</td>
<td>Taxable</td>
<td>Taxable</td>
</tr>
<tr>
<td>C Prior to accepting employment, the recruit visits Ithaca (with or without spouse/family) for additional/follow-up job related meetings and also investigates housing, schools.</td>
<td>Non-Taxable</td>
<td>Taxable</td>
</tr>
<tr>
<td>D After accepting the University's offer of employment, the recruit visits the Ithaca area (with or without spouse/family) to investigate housing, schools.</td>
<td>Taxable</td>
<td>Taxable</td>
</tr>
<tr>
<td>E The recruit's spouse/family travels to Ithaca to interview with University personnel in connection with the spouse's potential employment at the University.</td>
<td>N/A</td>
<td>Spouse Non-Taxable Family Taxable</td>
</tr>
<tr>
<td>F The recruit's spouse travels to Ithaca to interview with other area employers.</td>
<td>N/A</td>
<td>Taxable</td>
</tr>
<tr>
<td>G After accepting the University's offer of employment and before moving to the Ithaca area or officially commencing work as a University employee, the recruit travels to Ithaca (with or without his/her spouse/family) for a job-related visit to meet with colleagues, set up his/her office.</td>
<td>Taxable</td>
<td>Taxable</td>
</tr>
<tr>
<td>H The &quot;distance test&quot; (see Footnotes) is satisfied and the recruit and his/her family move to the Ithaca area within 1 year of when the recruit commences work as a University employee and incurs &quot;qualified&quot; moving expenses.</td>
<td>Non-Taxable</td>
<td>Non-Taxable</td>
</tr>
<tr>
<td>I The &quot;distance test&quot; is satisfied and the recruit and his/her family move to Ithaca over 1 year after the recruit commences work as a University employee and incurs &quot;qualified&quot; or &quot;nonqualified&quot; moving expenses.</td>
<td>Taxable</td>
<td>Taxable</td>
</tr>
<tr>
<td>J Upon moving to the Ithaca area to commence work, the recruit (and/or his/her family) incurs temporary lodging expenses while waiting to move into the new residence.</td>
<td>Taxable</td>
<td>Taxable</td>
</tr>
<tr>
<td>K The recruit commences work as a University employee and incurs expenses in traveling between his/her previous home and the University / Ithaca area for several weeks or months until the recruit obtains residence in the Ithaca area.</td>
<td>Taxable</td>
<td>N/A</td>
</tr>
<tr>
<td>L The recruit commences work as a University employee and incurs expenses in traveling between his/her Ithaca area home and his/her former area of residence (e.g., to visit family members who still reside in the area of his/her former residence).</td>
<td>Taxable</td>
<td>N/A</td>
</tr>
<tr>
<td>M The recruit commences work as a University employee but does not move to the Ithaca area. He/she incurs expenses in traveling between his/her home (e.g., in New York) and the University. He/she also stays in the Ithaca area.</td>
<td>Taxable</td>
<td>N/A</td>
</tr>
<tr>
<td>N The recruit commences work as a University employee and even though the recruit relocates to Ithaca, his/her family remains at the former home for a period of time (e.g., for the child to complete school) and the recruit incurs expenses associated with maintaining the former or new home (e.g., rent at the former home or new home).</td>
<td>Taxable</td>
<td>N/A</td>
</tr>
</tbody>
</table>
TAX TREATMENT OF TRAVEL & MOVING EXPENSE REIMBURSEMENTS FOR RECRUITS

FOOTNOTES:

(1) Travel expenses are generally meant to include meals, lodging and transportation.
(2) Different rules may apply to non-U.S. residents or moves from the US to a foreign jurisdiction.
(3) Lodging and transportation shared with the recruit (i.e., expenses that would be the same whether or not the spouse accompanied the recruit, such as hotel room +25 or car service) are non-taxable where they are non-taxable to the recruit. However, if the recruit incurs additional expenses to accommodate the spouse/family, then the additional expenses are taxable.
(4) Lodging and transportation shared with the spouse (i.e., expenses that would be the same whether or not the family member accompanied the spouse; such as hotel rooms or car service) are non-taxable where they are non-taxable to the spouse.
(5) Only "qualified moving expenses" are non-taxable if the recruit satisfies the "distance test".
   a. "Qualified moving expenses" are defined as follows:
      i. Are reasonable for the circumstances of the move;
      ii. Are only for moving the recruit's household goods and personal effects from the former home to the new home, including in-transit or storage expenses;
      iii. Storage expenses are only tax-free for 30 consecutive days after the day the items are moved out of the former home;
      iv. Includes packing, crating, and transporting household goods and personal effects for the recruit and/or the members of their household;
      v. Includes the costs of shipping the recruit and/or their household member's car(s);
      vi. Includes the costs of moving household pets (the cost of moving livestock or other non-household pets is taxable);
      vii. Are for the travel expenses for the final move from the old home to the new home and lodging on that final trip (does not include meals);
      viii. Not all household members must travel together at the same time, but only one one-way trip per person may be tax-free;
      ix. The travel expenses were incurred using the shortest, most direct route available by conventional transportation;
      x. Includes only the costs of moving the above items from the former home, if any personal effects are moved from a location other than the former home, then the non-taxable portion is limited to what it would have cost to move those items from the former home.
   b. "Non-qualified moving expenses" are anything not listed above, including but not limited to:
      i. Meals;
      ii. Any expenses related to the purchase of a new home or lease of a new apartment;
      iii. Car tags;
      iv. Driver's license;
      v. Expenses for buying or selling a home, including closing costs, mortgage fees, and points;
      vi. Expenses associated with breaking a lease;
      vii. Home improvements associated with the former or new home;
      viii. Loss on the sale of a home;
      ix. Losses of disposing of memberships or other connections with the former home;
      x. Mortgage penalties;
      xi. House-hunting expenses;
      xii. Real estate taxes;
      xiii. Return trips to the former residence or other location;
      xiv. Security deposits, including any given up as a result of the move;
      xv. Storage charges other than those incurred in transit and for the first 30 days after the move.
   c. "Distance test"
      i. A move is taxable unless it meets the "distance test". The "distance test" is satisfied if the new work location is 50 miles farther than the former home than your old main job was from your former home. Example - the old main job location was 3 miles from the former home, in this instance, the new job location must be 53 miles from the former home.

(6) Moving expenses incurred over 1 year after the recruit begins employment with Cornell are taxable unless the recruit can show that circumstances existed that prevented the move within that timeframe. For example, if the recruit can show that the move was delayed for 18 months in order for his/her child to complete high school.

(7) There is a limited exception to the general rule that this is a taxable reimbursement. When an employee's residence and principal place of business are not in the Ithaca area, the employee's job at the University may constitute a secondary work location. Travel to and from a secondary work location is considered a business expense (not taxable if reimbursed) rather than a commuting expense (taxable if reimbursed). Due to the complexity of the rules in this area, please contact the Tax Manager where you think this type of situation may exist.