

**BCPO Memo # 15-06**

**TO:** All Human Resource Directors for  
Agencies Serviced by the  
Bureau of Commonwealth Payroll Operations

**FROM:** Stephen R. Burns   
Director  
Bureau of Commonwealth Payroll Operations

**DATE:** December 15, 2015

**RE:** Taxation of Fringe Benefits—Moving and Parking

The Bureau of Commonwealth Payroll Operations (BCPO) recently completed our annual review to identify employees who have received taxable moving and parking fringe benefits. This review was done to ensure that affected employees receive an accurate Form W-2, “Wage and Tax Statement”. In addition, affected employees are sent an e-mail notification concerning payroll deductions for taxable moving and parking fringe benefits.

During the 2015 year, BCPO gathered moving information from our Travel Audit Division and processed adjustments to each affected employee’s taxable income for moving fringe benefits based on the Internal Revenue Code §132. According to the IRS, certain moving expenses are considered “qualified” and are not included in taxable income. Qualified moving expenses include (1) expenses for moving household goods and personal effects from the former home to the new home, and (2) traveling expenses, including lodging, from the former home to the new home. However, “nonqualified” moving expenses such as house-hunting trips and closing costs must be included in the employee’s taxable income.

In addition, during May and November 2015, BCPO coordinated information from Commonwealth agencies and posted adjustments to each affected employee’s taxable income for parking fringe benefits which was also based on the Internal Revenue Code §132. The IRS breaks out employer-provided and/or paid parking expenses into a “qualified” and “nonqualified” component. The parking expense is qualified and not included in taxable income if it is equal or less than the exemption amount set by the IRS. If the parking expense exceeds the exemption threshold, the employer must include the excess in the employee’s taxable income. For 2015, the IRS threshold is at \$250 per month.

BCPO has calculated the additional taxable income for moving and parking expenses, and we will subsequently contact affected employees by e-mail to notify them about the adjustment increasing their taxable income and related deductions for Federal withholding, Social Security and Medicare taxes. As a final step, BCPO will process the necessary transactions in SAP and subsequently remit the applicable taxes to the appropriate Federal taxing agencies.

For more information concerning moving and parking fringe benefits, please see the instructions labeled: “Maintain Fringe Benefits – Moving (IT0014)” and “Maintain Fringe Benefits Parking (IT0015)” found on the [COPA custom help](#) web site.



Please share this memorandum with any staff member responsible for tax inquiries. Questions relative to the taxation of fringe benefits may be directed to Sandra Colantuono at (717) 783-9055.

cc: Anna Maria Kiehl, Chief Accounting Officer, Office of the Budget  
James Honchar, Deputy Secretary, Human Resources & Management  
Jeffrey Snyder, Manager, IES Payroll, Office of Administration  
Bureau Directors (5)