

Moving Allowances & Expenses Reimbursement Policy



1. POLICY

ABC Company may offer moving allowances or reimburse moving expenses to attract or retain employees who must relocate to accept employment with the Company.

2. PURPOSE

The purpose of this Policy is to establish clear ground rules governing the offering and payment of moving allowances and expenses and ensure compliance with applicable Canada Revenue Agency (CRA) requirements, including but not limited to with regard to CRA form T1-M Moving Expenses Deduction.

3. DEFINITIONS

For purposes of this Policy:

“Relocation Allowance” means a negotiated lump sum payment to help a new employee with their move to an ABC Company location as a result of an offer of employment.

“Moving Expenses” means reasonable moving expenses (as defined by CRA in the form T1 (M E)) to assist a new employee with their move to an ABC Company location as a result of an offer of employment.

4. OFFERING OF MOVING ALLOWANCES & REIMBURSEMENT

ABC Company will not offer moving allowances and reimbursement to all employees to whom it offers new employment or transfer to a different Company location. The decision to offer such benefits will be made on a case-by-case basis in accordance with pre-determined criteria established by ABC Company for particular job positions.

5. REIMBURSABLE MOVING COSTS

Reimbursement for reasonable moving costs may be considered for the following, subject to the pre-approved total maximum reimbursement amount specified in Section 7 below:

- House hunting trip including cost of travel by the most economical means for the employee and their spouse or benefit partner;
- Meals, personal expenses, GST and the cost of accommodation by the most economical means for the employee and their spouse or benefit partner for a maximum of five (5) days;
- Costs associated with moving of household effects including packing and insurance;
- Public transportation costs or automobile expenses if the employee uses their own private vehicle for transporting their immediate family from the principal residence to the new location and meals while on route to the new location;
- Cost of temporary accommodation, per diem meal allowance and personal expenses for the employee and meals for each member of the family for a period of up to 14 days;
- Cost of storage of household effects for a maximum period of 14 days;
- Cost of legal expenses associated with buying and/or selling the employee's principal residence;
- Discretionary expenses such as a mortgage penalty fee, duplicate housing costs, interim finance charges or kennel costs for a period of up to 14 days.

6. MOVING ALLOWANCE & REIMBURSEMENT PROCEDURES

Where a moving allowance or reimbursement of moving expenses is considered, the following will apply:

- Details will be included in the letter offering employment at the transfer location;
- The relocation allowance amount will be based on the geographical location from which the employee is moving;
- Tax will be deducted from the allowance and the amount will be reported as compensation on the employee's T4;
- Where a moving expense reimbursement is pre-approved, the employee must provide ABC Company with a detailed account of all moving expenses on an official Company expense claim form, supported by original receipts;
- Eligible reasonable expenses will be reimbursed subject to the maximum amount specified in the offer letter;
- Eligible moving expenses are those defined by the CRA;
- Eligible allowances and expenses that are not reimbursed may be claimed on the new employee's income tax return as indicated in the CRA instructions for completing the Form T1-M;
- Where an employee has been pre-approved for reimbursement of moving expenses, the reimbursement will be based on reasonable travel expenses in accordance with the rates established in the ABC Company Travel and Related Expenses Procedure, unless otherwise specified.

7. MAXIMUM MOVING ALLOWANCE & REIMBURSEMENT RATES

The recommended maximum allowance or moving expense reimbursement amounts will be:

| Locations | Maximum Amount |
|--------------------------------------|-----------------------|
| Alberta, BC, Saskatchewan | \$3,500 |
| Manitoba, Ontario, Quebec | \$5,500 |
| Other locations in Canada and the US | \$7,500 |
| All other locations | To be negotiated |

8. EMPLOYEE OBLIGATION TO REPAY UPON EARLY TERMINATION

Employees that voluntarily terminate their employment with ABC Company within 36 months of being hired must return:

- 100% of the total allowance or reimbursement if they terminate before the end of the first full year of employment with ABC Company;
- 75% of the total allowance or reimbursement if they terminate after the end of the first full year but before the end of their second full year of employment with ABC Company;
- 50% of the total allowance or reimbursement if they terminate after the end of the second full year but before the end of their third full year of employment with ABC Company.