

# Moving Allowances



It's not easy to persuade employees to move from their homes and accept a new job or transfer with a company in a different location. One of the things employers do to persuade employees to relocate is to reimburse their moving costs. Do you have to report reimbursements incidental to a move as income on the employee's T4 slip?

[learn\_more caption="Answer" ]

It depends on the province of employment and how much money is being reimbursed.

**Explanation:** All employers have some leeway to provide a "non-accountable moving allowance" to help defray an employee's moving costs. But there are some important differences between the tax treatment of moving allowances in Québec and federally.

## THE SCENARIO

Let's use this example to illustrate the differences:

Meg O'Pixel, an IT specialist in BC, accepts a job paying \$450 per week from Static Ele
--

## IF QUÉBEC IS NOT THE PROVINCE OF EMPLOYMENT

### THE RULES

- **\$650 Limit:** Outside of Québec, employers can give employees a non-accountable moving allowance up to \$650. Amounts above \$650 must be reported as income and are subject to tax.
- **Employee Must Certify:** Employees who receive the allowance must certify in writing that they incurred the amount of expenses covered by the refund up to \$650.

### HOW IT WORKS

- Assuming that Québec is *not* the province of employment:
- Meg must certify in writing that she incurred incidental moving expenses of \$650;

- Static would not report the first \$650 of the \$1,000 allowance;
- The remaining \$350 would be a taxable benefit (subject to CPP contributions, EI premiums and income tax); and
- Static would report the \$350 as “Employment income” in box 14 and in the “Other information” area under code 40 at the bottom of Meg’s T4 slip.

## IF QUÉBEC IS THE PROVINCE OF EMPLOYMENT

### THE RULES

- **Two-Weeks of Wages Limit:** In Québec, employers can give employees a non-accountable moving allowance up to a maximum of 2 weeks’ of the employee’s salary or wages on the starting date of employment. Amounts above that must be reported as income and are subject to tax.
- **No Certification Required:** Employees who receive the allowance are not required to provide written certification that they incurred the expenses.

### HOW IT WORKS

- Let’s assume that Québec is the province of employment:
- Since Meg’s starting salary is \$450 per week, the maximum moving allowance that would not be accountable would be \$900;
- Static would not report the first \$900 of Meg’s moving allowance;
- The remaining \$100 would be a taxable benefit (subject to QPP contributions, EI premiums and income tax); and
- Static would list \$100 of the moving allowance as Employment income on Meg’s RL-1 slip.

[/learn\_more]