

Removal and Relocation Expenses

Part 05-02-03

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1. Introduction

It is an established principle under tax law that, where an employer pays or reimburses the personal expenses for an employee, the amount paid or reimbursed is to be treated as part of the employee's remuneration and taxed accordingly. This principle applies to payments made towards the costs incurred by an employee in moving house to take up employment at a new location.

However, it has long been accepted by Revenue that the taxation of certain removal and relocation expenses should be relaxed in genuine cases of employees having to incur expenses to move to a new employment location, where the payment made by the employer towards the expenses results in no net overall benefit to the employee.

Since 1991, Revenue has accepted that the practice may be applied to similar payments made to or on behalf of an employee taking up employment with a new employer.

2. Conditions which must be satisfied

The conditions which must all be satisfied to allow the removal and relocation expenses covered by this Practice to be paid free of tax are as follows:

- a) the reimbursement to the employee or payment directly by the employer must be in respect of removal and relocation expenses actually incurred,
- b) the expenses must be reasonable in amount,
- c) the payment of the expenses must be properly controlled, and
- d) moving house must be necessary in the circumstances.

3. Expenses covered by the Practice

In general, the expenses which can be reimbursed without giving rise to a charge to tax are those incurred directly as a result of the change of residence. The following is a non-exhaustive list of allowable relocation expenses:

- Auctioneer's and solicitor's fees and stamp duty arising from moving house
- Removal of furniture and effects
- Storage charges
- Insurance of furniture and effects in transit or in storage
- Cleaning stored furniture
- Travelling expenses on removal
- Temporary subsistence allowance while looking for accommodation at the new location (subject to a maximum of 10 nights at the appropriate subsistence rate as per the schedule in [Tax and Duty Manual Part 05-02-04](#) on Employees' Subsistence Expenses). The vouched rent of temporary accommodation for a period not exceeding three months (this may not be paid concurrently with the temporary subsistence referred to above).

With the exception of any temporary subsistence allowance, all payments must be matched with receipted expenditure. The amount reimbursed or borne by the employer may not exceed expenditure actually incurred.

Any reimbursement of the capital cost of acquiring or building a house or any bridging loan interest or loans to finance such expenditure is subject to tax.

In effect, payment free of tax is restricted to the reimbursement of actual expenditure incurred at the time of the move.

4. Self Assessment - Records to be kept

Specific prior approval by Revenue is not required in respect of the removal and relocation expenses covered by this Practice.

However, all records relating to the removal and relocation expenses covered by these procedures should be retained by the employer and may be examined in the event of an audit. These records must be kept for six years unless an official of the Revenue Commissioners indicates otherwise.