

STATE CONTROLLER'S OFFICE  
PERSONNEL/PAYROLL SERVICES DIVISION  
P. O. BOX 942850  
Sacramento, CA 94250-5878

DATE: March 7, 2018

PAYROLL LETTER #18-003

TO: All Agencies/Campuses in the Uniform State Payroll System

FROM: Marissa Revelino, Chief  
Personnel/Payroll Services Division

**RE: SUSPENSION OF MOVING EXPENSE AND REPEAL OF BICYCLE COMMUTING  
REIMBURSEMENT EXCLUSIONS FROM TAXABLE WAGES**

The Tax Cuts and Jobs Act (TCJA), Public Law No. 115-97 signed into law on December 22, 2017 suspended the moving expense deduction and exclusion from income of qualified moving expense reimbursements provided by employers to employees or direct payment to moving company or other vendor. All such reimbursements are taxable under the new tax cut bill for tax years beginning after December 31, 2017, until December 31, 2025. The moving expense deduction and exclusion from income provision is allowed only to members of the Armed Forces (or their spouse or dependents) on active duty that move pursuant to a military order and incident to permanent change of station. The exclusion is available beginning in 2026.

The tax bill also repeals the bicycle commuting reimbursement exclusion beginning for tax years after December 31, 2017, until December 31, 2025. Any employer reimbursements for bicycle commuting expenses are taxable to the employee and subject to payroll taxes and income tax withholding. The repeal of the exclusion does not apply after 2025.

The new law on taxation of all employer-paid moving costs and bicycle commuter reimbursements will be published in the next update of the Payroll Procedures Manual.

If you have any questions regarding this Payroll Letter, please contact Statewide Customer Contact Center at (916) 372-700 and select the Statewide W-2 Tax Support Program.

MR:JEB:EO:STSP:PPOB