

United States Senate
WASHINGTON, DC 20510

April 24, 2018

Honorable Emily W. Murphy
Administrator, U.S. General Services Administration
1800 F Street NW
Washington, D.C. 20006

Dear Administrator Murphy:

It has come to our attention that, as a result of changes in the tax code effective January 1, 2018, some federal employees have unexpectedly had hundreds or thousands of dollars taken out of their pay to cover additional tax withholding on costs related to a duty station change. We write today to ask that you rectify this situation immediately.

The Republican tax bill passed in December eliminated the deduction for job-related moving costs, as well as the exclusion for reimbursements or in-kind contributions made by employers to defray the cost of moving. As a result, employer reimbursements for moving costs – which were previously excluded – are now generally taxed at the same rate as ordinary income. This situation is causing a particular burden for federal employees who, after being assigned to a new duty station, have discovered that hundreds or even thousands of dollars have been withheld from their paychecks, often with little advance notice, in order to cover the cost of taxes associated with moving reimbursements from the federal government.

The government already has policies in place to make these federal employees whole – the relocation income tax allowance (RITA) and withholding tax allowance (WTA) – yet these policies have not yet been adjusted to take into account changes from the tax bill.

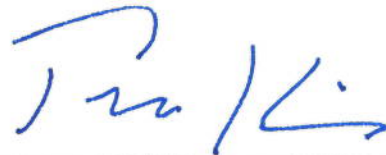
All federal workers are doing a great service to the nation, keeping the public safe and helping the government operate. The federal workers financially affected by this problem are uprooting their lives in order to go where the public needs them most. It is unfortunate that the response to their willingness to relocate for the public good is to then send them a bill.

We understand that GSA is consulting with the Department of Treasury about adjusting RITA and WTA. But while these agencies deliberate, federal employees are being left on the hook for extra tax bills, and some have had their duty station changes delayed, and even cancelled. We urge you to move quickly and use the maximum discretion to avoid having more federal employees stuck with the bill for their moves. Further, we ask that you provide to our staffs the number of employees that are affected by this issue, broken out by agency and how they are affected.

Thank you resolving this matter with all due haste.



MARK R. WARNER
United States Senator



TIM KAINE
United States Senator

Cc: Hon. Steven Mnuchin, Secretary, U.S. Department of the Treasury