

Permanent Change of Station (PCS)

Relocation Income Tax (RIT) Allowance

Note: Travelers who had PCS entitlements (other than a RIT) issued in the previous calendar year may be required to file a RIT claim.

When an employee relocates to another permanent duty station in conjunction with a PCS, the reimbursement amounts received on settlement claims from the payment office must be reported as income to the Internal Revenue Service (IRS) and may be taxed. Mandatory Federal Withholding Tax (FWT) and applicable Federal Insurance Contributions Act (FICA) and Medicare taxes will be withheld from taxable entitlement on applicable vouchers. A PCS W-2, reflecting entitlement (income) and taxes withheld, will be issued to the traveler, for each calendar year that entitlement is issued to him/her or in his/her behalf (i.e., airline tickets). The traveler may also have to pay state and local taxes applicable to the old and new permanent duty stations.

To offset this burden, the traveler should apply for a RIT allowance. The RIT allowance is designed to reimburse the traveler for the substantial additional Federal, State, and local income taxes paid because of the PCS move.

The RIT Allowance is not automatic - Travelers must apply for it to get it.

- Any PCS traveler to whom PCS entitlement, other than a RIT allowance, was issued in a previous calendar year (Note: that previous year is known as Year 1), should apply for the RIT allowance.
- Any traveler who received Withholding Tax Allowance (WTA) entitlement, must submit a RIT allowance claim the following calendar year, since WTA entitlement is treated similar to an "advance" against the RIT allowance entitlement. The computation of the RIT allowance claim includes reduction by the amount of the prior year WTA entitlement, which may prove that the WTA payment issued the previous year was excessive, thus requiring collection from the traveler.

Similarly, for travelers who receive WTA entitlement but do not file a RIT, the WTA is considered a debt of the traveler and collection action will be initiated.

RIT allowance claims are to be received in the appropriate payment office within 120 days of the beginning of the calendar year following the year of other PCS entitlement. The RIT allowance year is called Year 2. If the traveler wishes to have the RIT allowance settled and a payment issued prior to filing their tax return, the RIT allowance claim should be filed as soon as all W-2s from all sources have been received for the prior calendar year.

Note: A traveler may have more than one Year 1 and Year 2 if they have settlement vouchers paid in more than one calendar year. Travelers may be entitled to more than one RIT allowance per travel order. For example, if the traveler sells their residence at the old duty station within two years of reporting to the new duty station and, after the sale, purchases a new residence, and subsequently files and is reimbursed taxable closing costs.

To file for the RIT allowance, complete and submit the following documents:

- Travel Voucher (DD Form 1351-2), signed and dated.
- [Relocation Income Tax \(RIT\) Allowance Status Certification Form](#) (original and two (2) copies).
- Three (3) copies of all W-2 forms for earned income for the year in which the traveler is paid PCS travel claim payments for which they are claiming RIT allowance (and spouse's if filing a joint return).
- Three (3) copies of the IRS Schedule SE from self-employment income, if applicable (and spouse's if filing a joint return).
- Three (3) copies of PCS travel orders (DD Form 1614), including all amendments.

Note: Submit a separate claim for each PCS travel order (when multiple moves are involved) and for each year 1.

- PCS RIT claims for taxable entitlement processed by DFAS Columbus should be mailed to the following address for receipt no later than April 30 of the year following the issuance of entitlement:

Defense Finance and Accounting Service
Accounting Services
DFAS-FTP/CA
PO BOX 369015
Columbus OH 43236-9015

- If DFAS Columbus was not the paying office for PCS entitlements, please mail the RIT claim to the office that processed your PCS claims and issued a W-2 for the claims.

For more information regarding the filing of a RIT claim or other PCS entitlement, contact a travel customer service representative at 1-800-756-4571 (option 4) or DSN 869-6331.

RELOCATION INCOME TAX (RIT) ALLOWANCE
STATUS CERTIFICATION FORM

**Permission for Use of Data
and
Certificate of Authenticity**

I certify that the following information, which is to be used in calculating the RIT allowance to which I am entitled, has been (or will be) shown on the income tax returns filed (or to be filed) by me (or by my spouse and me) with the applicable Federal, State, and Local (specify which) tax authorities for the _____ tax year.

Gross Compensation as shown on the attached IRS Form(s) W-2, 1099(s) showing non-disability Military pay and, if applicable, net earnings (or loss) from self-employment income shown on attached Schedule SE (Form 1040):

	<u>Forms W-2</u>	<u>Forms 1099</u>	<u>Schedule SE</u>
Employee	\$ _____	\$ _____	\$ _____
Spouse (if filing jointly)	\$ _____	\$ _____	\$ _____
	TOTAL <u>(ALL COLUMNS)</u> \$ _____		

Filing Status: _____
(Specify the filing status item that was (or will be) claimed on IRS Form 1040; i.e. single, married filing joint, etc.).

Printed Name of Employee

STATE TAX RETURNS Since most non-deductible moving expense reimbursements will be taxed at the new location, the Federal Travel Regulations do not provide for a RIT allowance related to state taxes at the employee's old location.

However, in very limited circumstances, the employee may be subject to state taxes in two states at the new location. This would be true if the employee's state of residence at the new location and the state where the employee worked at the new location were different and both taxed the employee's RIT income - without either of these states allowing an adjustment or credit for this double taxation.

If either state allows an adjustment or credit for this double taxation, then the RIT allowance is based on the other state's tax rate -- otherwise, it is based on the sum of the tax rates for both states at the new location.

List below the name(s) of the state(s) which taxed your non-deductible moving expense reimbursements for this tax year.

STATE

STATE

LOCAL TAX RETURNS If the employee incurs an additional local income tax liability as a result of moving expense reimbursements. Specify the name of all localities and the applicable tax withholding rate(s), i.e. 1%, 2%, etc. for this tax year. These local tax rates are expressed as a percent of one of the following: income, federal tax or state tax, and are to be listed in the "Type of Tax" column. Please contact your local tax authorities if you are unsure of these items.

<u>Locality</u>	<u>Percent</u>	<u>Type of Tax</u>
_____	_____	_____
_____	_____	_____

The above information is true and accurate to the best of my knowledge. I (we) agree to notify the appropriate DoD component official of any changes to the above (i.e., from amended tax returns, tax audits, etc.) so that appropriate adjustment to the RIT allowance can be made. The required supporting documents, including a signed and dated DD Form 1351-2 with 3 copies of my travel orders, and all claimed income W-2s, etc., are attached. Additional documentation will be furnished if requested.

I (We) further agree that if the 12 month services agreement required by the Joint Travel Regulation (JTR), Vol II, Paragraph C4001-A is violated, the total amount of the RIT allowance will become a debt due the U.S. Government.

Employee's
Signature _____ Date _____

Spouse's Signature _____ Date _____
(If joint tax returns were filed for year(s) affected)

Social Security Number _____
Employee Spouse(if applicable)

PRIVACY ACT STATEMENT Collection of this information is authorized by 5 U.S.C., Section 5724b and 10 U.S.C. Section 136. The use of an individual's Social Security Number for purposes related to Federal income taxes is authorized by 26 U.S.C., Section 6109. The Social Security Number will be used to verify the individual employee's identity. The information furnished or submitted with this form is confidential and will be used to calculate the employee's RIT allowance. Failure to provide the information listed on this form will make it impossible for DFAS-CO-LTTB to compute the allowance.

MAIL TO: DFAS-FTP/CA
P O BOX 369015
COLUMBUS, OH 43236-9015