



# Civilian PCS Processing



## What employees need to know

Third Party payments are payments made to vendors for taxable moving expenses and counted as income to the traveler

- HHG Shipment
- Temporary Storage of HHG
- Shipment of Mobile Homes
- CONUS non-temp storage

***In September, DFAS will begin processing Third Party payments made to vendors during 2018 and 2019.***

## Key Information

- Communication Outreach
  - Sept: myPay SmartDoc email notification advising that DFAS will begin processing Third Party payments and remit taxes owed to IRS on traveler's behalf
  - Sept - Dec: Advice of Payment (AOP)
    - Traveler will receive electronic myPay notification once DFAS processes claim
    - This is information only and not an official debt notice
  - Oct - Dec: myPay SmartDoc email notification advising traveler their claim was processed and advanced notice that the traveler debt letter will be mailed
  - Jan - Feb 2020: Official debt letters mailed
- Third Party payment tax year runs 1 November – 31 October
  - Per IRS Publication 15-B: Payments made to a vendor in November & December will be reported as income to the traveler in the following tax year.
  - Nov and Dec invoice payments will be reflected on the Travel W-2 in following tax year
  - Reduces corrected W-2s and amended tax returns

## Timeline of Events

### 2018 PCS Invoices\*

- W-2C's will be mailed by the end of 2019 for payments made to vendors January – October 2018\*
- Debt letter for tax withholding sent Jan 2020
- Traveler debt to DFAS is for taxes paid to IRS on traveler's behalf: Social Security (6.2%) and Medicare (1.45%) taxes
- Federal income taxes the traveler owes will be settled with the IRS on amended return
- If eligible, supplemental RITA can be filed for tax reimbursement after 2018 amended tax return has been submitted to IRS

### 2019 PCS Invoices\*

- W-2s issued Jan 2020
- Nov/Dec 2018 Third Party payments included\*
- Debt letter for tax withholding sent Feb 2020
- Traveler debt to DFAS is for taxes paid to IRS on traveler's behalf: Social Security (6.2%), Medicare (1.45%) & Federal income tax (22%)
- If eligible, RITA claim can be filed for tax reimbursement after 2019 tax return has been submitted to IRS

### IRS Interest and Penalties (2018 W-2c's ONLY)

The IRS plans to publish guidance for DoD employees who receive a 2018 W-2C. We expect this guidance to include procedures for seeking relief from tax penalties. Direct communication will be sent to the 2018 traveler with this information once the W-2C is completed.

\*Payments made to vendors from Nov 1<sup>st</sup> – Dec 31<sup>st</sup> will be treated as paid in the next tax year and reflected on that year's W-2. (IRS Publication 15-B, p. 30, 2019)

### Questions / Resources

#### Civ PCS Info Pages:

<https://www.dfas.mil/taxlawchange>

#### Send an email to:

DFAS-CIVREL-Questiononly@mail.mil

#### Call the Civilian Relocation Care Center at:

1-888-332-7366 Option 1, then Option 1

#### Civilian Relocation Questions:

<https://www.dfas.mil/AskDFAS.html>