



UNITED STATES
CIVILIAN BOARD OF CONTRACT APPEALS

February 21, 2013

CBCA 3063-RELO

In the Matter of RAYMOND W. MARTIN

Raymond W. Martin, Peoria, IL, Claimant.

Adrienne K. Price, Counsel, Finance Center, United States Army Corps of Engineers, Millington, TN, appearing for Department of the Army.

SHERIDAN, Board Judge.

Claimant, Raymond W. Martin, was issued a bill for a travel overpayment in the amount of \$151.26 when he failed to submit a Relocation Income Tax (RIT) allowance claim for the Withholding Tax Allowance (WTA) he received associated with a permanent change of station (PCS). Claimant disputes the bill. For the reasons stated below, the claim is denied.

Background

The U. S. Army Corps of Engineers (USACE) issued claimant PCS orders on September 19, 2006. The USACE reimbursed claimant for some of his expenses associated with the move. Such reimbursements are required to be reported to the Internal Revenue Service as income and are subject to federal tax withholding, so the USACE also paid claimant a WTA of \$151.26 in 2010 to cover his federal tax obligation for the relocation benefits received.

Claimant failed to submit the required certified tax information and a claim for the RIT allowance after the close of the 2010 tax year. On October 5, 2012, USACE sought to recover the WTA by issuing a bill for \$151.26 against claimant. Claimant disputes the bill.

Discussion

Relocation benefits paid by the Government to employees whom it transfers from one permanent duty station to another are generally considered taxable income to the recipients. To cover the increased federal, state, and local tax liability resulting from receipt of the benefits, Congress has authorized agencies to pay an additional sum to transferred employees. 5 U.S.C. § 5724b(a) (2006). This additional sum is referred to in the Federal Travel Regulation (FTR) as a RIT allowance. 41 CFR 302-17.1 (2006). The purpose of the RIT allowance is to offset the extra income taxes that employees are required to pay because they must declare certain relocation benefits as taxable income. Employees who receive a WTA are required to submit a claim for the RIT allowance and file tax information as specified in the FTR, or face forfeiture of the RIT allowance. 41 CFR 302-17.9.

As the Board stated in *Charles W. Bell*, CBCA 1980-RELO, 10-2 BCA ¶ 34,484 at 170,067:

Failure to file a timely RIT allowance [claim] can result in forfeiture of the WTA payment. *Robert D. Baracker*, GSBCA 16781-RELO, 06-1 BCA ¶33,257; *Gail E. Williamson*, GSBCA 15954-RELO, 03-2 BCA ¶ 32,327. The entire WTA is considered to be an excess payment if the RIT allowance [claim] is not submitted in a timely manner to settle the RIT allowance account. 41 CFR 302-17.7(e)(2).

The agency correctly applied the provisions of the FTR. Under the facts set forth before us, claimant received a WTA in the amount of \$151.26 and was required to submit certified tax information and a claim for the RIT allowance after the close of the 2010 tax year, or face forfeiture of the entire WTA. He failed to submit the claim.

We see no valid reason why claimant should not be required to return to the agency the \$151.26 overpayment.

Decision

The claim is denied.

PATRICIA J. SHERIDAN
Board Judge