



UNITED STATES  
CIVILIAN BOARD OF CONTRACT APPEALS

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March 8, 2024

CBCA 7963-RELO

In the Matter of SHARON R.

Sharon R., Claimant.

Elizabeth S. Moseley, Office of Counsel, Finance Center, United States Army Corps of Engineers, Millington, TN, appearing for Department of the Army.

**SHERIDAN**, Board Judge.

The claimant disputes the repayment demanded by her employer, the United States Army Corps of Engineers (USACE), for taxes paid on her behalf in connection with expenses incurred in 2023 for the movement and storage of household goods (HHG). The claimant asserts that because she did not request that her HHG be stored and her HHG remained in storage for longer than she anticipated due to the shipping company's lack of availability, she should not be responsible for the taxes incurred for the temporary storage-in-transit (SIT) of her HHG. We deny the claim.

Background

On November 16, 2022, the claimant was issued a travel authorization pursuant to her relocation from Florida to Puerto Rico. The travel authorization stated that the travel purpose was due to the claimant being "between official stations" and authorized expenses for the temporary storage of her HHG for up to sixty days. In anticipation of her move, the claimant informed the shipping company that she would be available starting January 18, 2023, to receive her HHG in Puerto Rico. The claimant's HHG arrived in Puerto Rico on January 31, 2023.

The claimant was notified via email on January 27, 2023, that she needed to complete certain tax documents before her HHG could be delivered to her new residence. The record is unclear, but it seems that the claimant provided the required documentation on or around February 1, 2023. Then, the claimant inquired about the status of her HHG, and the shipping company's representative informed her that "[s]hipments are placed into storage if [they] are waiting on documents" and that once a shipment arrives at the port, "delivery [does not] occur[] immediately." Although the claimant was available at this time for the delivery of her HHG, it was not delivered until March 6, 2023. As such, the HHG was placed in SIT for a thirty-five-day period – January 31 through March 6, 2023. The USACE Finance Center paid the vendor directly for the HHG shipment and storage costs.

After delivery of her HHG, USACE sent the claimant two bills for taxes associated with her relocation expenses. The bills reflect the claimant's share of Federal Insurance Contribution Act (FICA) taxes on the HHG shipment and storage expenses. The first bill, in the amount of \$2416.32, was for her share of FICA taxes incurred for her HHG shipment. The other bill, in the amount of \$352.99, was for her share of FICA taxes associated with thirty-five days of storage. In each bill, the amounts reflected the sum of 6.2% for Old-Age, Survivors, and Disability Insurance (OASDI) (commonly known as Social Security) and 1.45% for Medicare taxes.<sup>1</sup>

On December 5, 2023, the claimant brought this claim to the Board to dispute the taxes owed on the two bills. The claimant contends that she should not be responsible for the taxes on shipment and storage of her HHG because she did not request storage and was available for an earlier delivery date. The claimant does not dispute the calculations of the relocation expenses that represent taxable events or the tax amounts.

### Discussion

Under the Tax Cuts and Jobs Act of 2017, Pub. L. No. 115-97, 131 Stat. 2054, when a federal employee is relocated from one permanent duty station (PDS) to another, "many of the relocation benefits provided by the employing agency, including the cost of shipping HHG, are considered taxable income." *Anisa J.*, CBCA 6936-RELO, 21-1 BCA ¶ 37,877, at 183,924; *see* 41 CFR 302-17.2 (2022) (FTR 302-17.2).

A civilian employee is given a relocation income tax allowance (RITA) that covers a majority of Federal, state, and local taxes incurred during relocation. *See* 5 U.S.C. § 5724b

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<sup>1</sup> FICA taxes include two components – OASDI and Medicare taxes. *See* 26 U.S.C. § 3101 (2018). USACE's bills itemize "FICA" and Medicare taxes separately, with "FICA" referring to the 6.2% OASDI portion.

(2018); 41 CFR 302-17.3; JTR 053611 (Jan. 2023). However, an employee’s RITA “does not reimburse for employment-type taxes,” such as those associated with FICA or the Federal Unemployment Tax Act. *Id.*; see *Joshua H.*, CBCA 6931-RELO, 21-1 BCA ¶ 37,786, at 183,384-85 (for shipment and storage expenses, claimant was required to reimburse Government for amounts associated with FICA taxes); *Michael A. Metje*, CBCA 6699-RELO, 20-1 BCA ¶ 37,598, at 182,546-47 (claimant required to reimburse agency for FICA taxes on moving expenses).

Here, USACE determined that the claimant is obligated to pay \$2769.31, which reflects the FICA (OASDI and Medicare) taxes it paid on the claimant’s behalf for her HHG shipment (\$2416.32) and thirty-five days of HHG storage (\$352.99). The claimant contends that she should not be responsible for this amount because the “[t]ime in storage was due to the moving company[’s] inability to deliver” her HHG as soon as she arrived in Puerto Rico. However, the Board has held that this does not alter a claimant’s tax liability. *Joshua P. Clauser*, CBCA 6656-RELO, 20-1 BCA ¶ 37,599, at 182,547 (finding “[t]hat the goods remained in storage for longer than the claimant anticipated because the shipper could not deliver them earlier does not alter the result under the tax law”). Additionally, while the claimant did not request the storage of her HHG, that does not relieve her of the obligation to pay the associated taxes. See *Carrie G.*, CBCA 7540-RELO, 23-1 BCA ¶ 38,276, at 185,866 (claimant required to reimburse Government for FICA taxes even though she was unaware of any potential liability). Hence, the claimant is obligated to repay the full amount of both bills.

### Decision

The claim is denied.

Patricia J. Sheridan  
PATRICIA J. SHERIDAN  
Board Judge