United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

TAKE PRIDE IN AMERICA

APR 2 1 2009

FINANCIAL MANAGEMENT MEMORANDUM 2009-055 (Vol. X.A)

To: Bureau Chief Finance Officers
Bureau Assistant Directors for Administration
Director, National Business Center

From: Daniel L. Fletcher,
Director, Office of Financial Management

Subject: Income Tax Reimbursement Allowance (ITRA)

Attached is a copy of FTR Interim Rule 7 which implements Public Law 105-264 and allows agencies to reimburse employees for the additional taxes incurred as a result of temporary duty travel payments.

Also included are five attachments which provide implementing instructions, guidance, and examples of ITRA calculations.

If you have any questions regarding this information or if you require additional information, please contact Robert Smith (Robert_Smith @ios.doi.gov) on 202-208-5684.

Attachments

Replaces: FAM 99-041

rulemaking requirements unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. Small entities include small businesses, small not-for-profit enterprises, and small governmental jurisdictions. This final rule will not have a significant impact on a substantial number of small entities because SIP approvals under section 110 and subchapter I, part D of the Clean Air Act do not create any new requirements but simply approve requirements that the State is already imposing. Therefore, because the Federal SIP approval does not create any new requirements, I certify that this action will not have a significant economic impact on a substantial number of small entities. Moreover, due to the nature of the Federal-State relationship under the Clean Air Act, preparation of flexibility analysis would constitute Federal inquiry into the economic reasonableness of state action. The Clean Air Act forbids EPA to base its actions concerning SIPs on such grounds. *Union Electric Co.*, v. *U.S. EPA*, 427 U.S. 246, 255-66 (1976); 42 U.S.C. 7410(a)(2).

F. Unfunded Mandates

Under Section 202 of the Unfunded Mandates Reform Act of 1995 ("Unfunded Mandates Act"), signed into law on March 22, 1995, EPA must prepare a budgetary impact statement to accompany any proposed or final rule that includes a Federal mandate that may result in estimated annual costs to State, local, or tribal governments in the aggregate; or to private sector, of $100 million or more. Under Section 205, EPA must select the most cost-effective and least burdensome alternative that achieves the objectives of the rule and is consistent with statutory requirements. Section 203 requires EPA to establish a plan for informing and advising any small governments that may be significantly or uniquely impacted by the rule.

EPA has determined that the approval action promulgated does not include a Federal mandate that may result in estimated annual costs of $100 million or more to either State, local, or tribal governments in the aggregate, or to the private sector. This Federal action approves pre-existing requirements under State or local law, and imposes no new requirements. Accordingly, no additional costs to State, local, or tribal governments, or to the private sector, result from this action.

G. Submission to Congress and the Comptroller General

The Congressional Review Act, 5 U.S.C. 801 *et seq.*, as added by the Small Business Regulatory Enforcement Fairness Act of 1996, generally provides that before a rule may take effect, the agency promulgating the rule must submit a rule report, which includes a copy of the rule, to each House of the Congress and to the Comptroller General of the United States. Section 804, however, exempts from section 801 the following types of rules: rules of particular applicability; rules relating to agency management or personnel; and rules of agency organization, procedure, or practice that do not substantially affect the rights or obligations of non-agency parties. 5 U.S.C. 804(3). EPA is not required to submit a rule report regarding this rulemaking action under section 801 because this is a rule of particular applicability.

H. Petitions for Judicial Review

Under section 307(b)(1) of the Clean Air Act, petitions for judicial review of this action must be filed in the United States Court of Appeals for the appropriate circuit by August 17, 1999. Filing a petition for reconsideration by the Administrator of this final rule does not affect the finality of this rule for the purposes of judicial review nor does it extend the time within which a petition for judicial review may be filed, and shall not postpone the effectiveness of such rule or action. This action may not be challenged later in proceedings to enforce its requirements. (See section 307(b)(2).)

List of Subjects in 40 CFR Part 52

Environmental protection, Administrative practice and procedure, Air pollution control, Hydrocarbons, Incorporation by reference, Intergovernmental relations, Ozone, Reporting and recordkeeping requirements, Volatile organic compounds.

Dated: June 7, 1999.

Francis X. Lyons,

Regional Administrator, Region 5.

For the reasons stated in the preamble, part 52, chapter I, title 40 of the Code of Federal Regulations is amended as follows:

PART 52—[AMENDED]

1. The authority citation for part 52 continues to read as follows:

Authority: 42 U.S.C. 7401 *et seq.*

Subpart O—Illinois

2. Section 52.720 is amended by adding paragraph (c)(149) to read as follows:

§ 52.720 Identification of plan.

* * * * *

(c) * * *

(149) On September 17, 1998, the Illinois Environmental Protection Agency submitted a site specific State Implementation Plan revision request for W.R. Grace and Company's facility, which manufactures container sealants, lubricant fluids, and concrete additives, and is located at 6050 West 51st Street in Chicago, Illinois (Cook County). This rule revision is contained in R98-16, the July 8, 1998, Opinion and Order of the Illinois Pollution Control Board, and consists of new Section 218.940(h), which exempts W.R. Grace's facility from the control requirements in 35 Illinois Administrative Code Part 218 Subpart QQ.

(i) Incorporation by reference.

Illinois Administrative Code Title 35: Environmental Protection, Subtitle B: Air Pollution, Chapter I: Pollution Control Board, Subchapter c: Emissions Standards and Limitations for Stationary Sources, Part 218 Organic Material Emission Standards and Limitations for the Chicago Area, Subpart QQ: Miscellaneous Formulation Manufacturing Processes, Section 218.940 Applicability, paragraph (h) which was amended in R98-16 at 22 Ill. Reg. 14282, effective July 16, 1998.

[FR Doc. 99-15531 Filed 6-17-99; 8:45 am]

BILLING CODE 6560-50-P

GENERAL SERVICES ADMINISTRATION

41 CFR Part 301-11

[FTR Interim Rule 7]

RIN 3090-AG99

Federal Travel Regulation; Income Tax Reimbursement Allowance (ITRA)

AGENCY: Office of Governmentwide Policy, GSA.

ACTION: Interim rule.

SUMMARY: The General Services Administration (GSA) is amending the Federal Travel Regulation (FTR) to add authority to implement sections of the Travel and Transportation Reform Act of 1998, which authorize Federal agencies to reimburse Federal, State and local income taxes incurred as a result of long term official travel. It also allows for the reimbursement of penalty and

interest payments due to incorrect withholdings by the employee's agency for tax years 1993 and 1994.

DATES: *Effective Date:* This interim rule is effective January 1, 1993 and applies to all employees on a long term temporary duty assignment who incurred income taxes on money received for travel expenses.

Comment Date: Comments must be received by August 17, 1999.

ADDRESSES: Written comments should be sent to Ms. Sharon Kiser, Regulatory Secretariat (MVR), Office of Governmentwide Policy, General Services Administration, 1800 F Street, NW, Washington, DC 20405. E-mail comments may be sent to *RIN.3090-AG99@gsa.gov.*

FOR FURTHER INFORMATION CONTACT: Jim Harte, Travel Team Leader, Travel and Transportation Management Policy Division (MTT), telephone 202-501-0483.

SUPPLEMENTARY INFORMATION:

A. Background

In 1992, the Congress eliminated the travel expense deduction for travel assignments lasting more than one year, which caused travel expense reimbursements to become taxable income. On October 19, 1998, the President signed into law the Travel and Transportation Reform Act of 1998 (the Act) (Pub. L. 105-264). This interim rule implements the provisions of the Act authorizing the reimbursement of taxes incurred due to a temporary duty travel assignment.

B. Executive Order 12866

GSA has determined that this interim rule is not a significant regulatory action for the purposes of Executive Order 12866 of September 30, 1993.

C. Regulatory Flexibility Act

This interim rule is not required to be published in the **Federal Register** for notice and comment; therefore, the Regulatory Flexibility Act does not apply.

D. Paperwork Reduction Act

The Paperwork Reduction Act does not apply because the interim rule does not impose recordkeeping or information collection requirements, or the collection of information from offerors, contractors, or members of the public which require the approval of the Office of Management and Budget under 44 U.S.C. 501 *et seq.*

E. Small Business Regulatory Enforcement Fairness Act

This interim rule is also exempt from congressional review prescribed under 5 U.S.C. 801 since it relates solely to agency management and personnel.

List of Subjects in 41 CFR part 301-11

Government employees, Travel and transportation expenses.

For the reasons set forth in the preamble, 41 CFR part 301-11 is amended to read as follows:

PART 301-11—PER DIEM EXPENSES

1. The authority citation for part 301-11 is revised to read as follows:

Authority: 5 U.S.C. 5707.

2. Part 301-11 is amended by adding Subparts E and F to read as follows:

Subpart E—Income Tax Reimbursement Allowance (ITRA), Tax Years 1993 and 1994

General

Sec.
301-11.501 What is the Income Tax Reimbursement Allowance (ITRA)?
301-11.502 Who is eligible to receive the ITRA?
301-11.503 Are Federal Insurance Contribution Act (FICA) and Medicare deductions included in any reimbursement under this part?

Employee Responsibilities

301-11.521 Must I file a claim to be reimbursed for the additional income taxes incurred?
301-11.522 If I was assessed an income tax penalty and/or interest payment due to incorrect income tax withholdings, are those payments reimbursable?
301-11.523 What documentation must I submit to substantiate my claim?
301-11.524 What steps must my agency take to determine my ITRA?
301-11.525 Is the ITRA I receive taxable income?
301-11.526 May I receive a lump sum payment of the additional tax liability on the covered ITRA in lieu of submitting another claim?
301-11.527 If I elect a lump sum payment, how is the ITRA paid?
301-11.528 If I do not elect lump sum payment is there any additional reimbursement?

Agency Responsibilities

301-11.531 What documentation must the employee submit to substantiate a claim?
301-11.532 How should we compute the employee's ITRA?
301-11.533 Are tax penalty and interest payments reimbursable?
301-11.534 What tax tables should we use to calculate the amount of allowable reimbursement?
301-11.535 How should we calculate the ITRA?
301-11.536 Is the ITRA reimbursement considered to be income to the employee?
301-11.537 Are income taxes to be withheld from the ITRA?
301-11.538 May we offer a lump sum payment to cover the income tax liability on the covered ITRA?
301-11.539 If the employee does not elect a lump sum payment, how is the tax on the ITRA calculated?
301-11.540 How do we handle any excess payment?

General

§ 301-11.501 What is the Income Tax Reimbursement Allowance (ITRA)?

The ITRA is an allowance designed to reimburse Federal, State and local income taxes incurred incident to an extended TDY assignment at one location.

§ 301-11.502 Who is eligible to receive the ITRA?

An employee (and spouse, if filing jointly) who was in a TDY status for an extended period at one location, and who incurred Federal, State, or local income taxes on amounts received as reimbursement for official travel expenses.

§ 301-11.503 Are Federal Insurance Contribution Act (FICA) and Medicare deductions included in any reimbursement under this part?

No. Reimbursement is limited to income taxes.

Employee Responsibilities

§ 301-11.521 Must I file a claim to be reimbursed for the additional income taxes incurred?

Yes. A claim must be submitted in accordance with your agency's policy.

§ 301-11.522 If I was assessed an income tax penalty and/or interest payment due to incorrect income tax withholdings, are those payments reimbursable?

Yes, for the total amount of the income tax penalty and/or interest assessed by the IRS for tax years 1993 and 1994 only.

§ 301-11.523 What documentation must I submit to substantiate my claim?

Your agency will determine what documentation is sufficient. (See § 301-11.531.)

§ 301-11.524 What steps must my agency take to determine my ITRA?

Your agency should:

(a) Determine Federal, State and local marginal tax rates by using the procedures and the marginal tax tables established for the relocation income tax allowance in § 302-11.7, § 302-11.8, and Appendices A, B, C and D to part 302-11 of this title; or

(b) Determine reimbursement as calculated in the illustration shown in § 301-11.535.

§ 301–11.525 Is the ITRA I receive taxable income?

Yes. The amount received must be reported as taxable income in the year in which received, but you are eligible to receive an allowance to cover the taxes assessed on the ITRA under § 301-11.528.

§ 301–11.526 May I receive a lump sum payment of the additional tax liability on the covered ITRA in lieu of submitting another claim?

Yes, if agreed to in writing by your agency and with the understanding that you will be responsible for any income taxes due without further reimbursement.

§ 301–11.527 If I elect a lump sum payment, how is the ITRA paid?

(a) Reimbursement is as illustrated:

LUMP SUM ITRA TAX PAID TO EMPLOYEE

ITRA reimbursement for tax year 1993	$14,435
Federal Tax liability on ITRA Reimbursement (@ 28%)	4,042
VA State tax liability (@ 5.75%)	830
Local tax liability	0
Total reimbursement	19,307

(b) Reimbursement of the ITRA and the tax on the ITRA is a final lump sum payment with no further reimbursement. You will be responsible for any income taxes due on $19,307.

§ 301–11.528 If I do not elect lump sum payment is there any additional reimbursement?

Yes. You are reimbursed for the tax on the tax reimbursement received. Your agency will calculate the tax on the tax reimbursement using the formulas developed for the Year 2 reimbursements of the relocation income tax allowance (see § 302–11.8 of this title).

Agency Responsibilities

§ 301–11.531 What documentation must the employee submit to substantiate a claim?

You must determine what documentation you require to be submitted with the employee's claim. It can include:

(a) A certified statement as prescribed in § 302–11.10 of this title or copies of completed Federal, State and local tax return for the tax year in which the taxes were withheld and paid.

(b) Copies of W–2's and Form 1099's.

(c) Any documentation received from the IRS identifying any interest or penalty payment (tax years 1993 and 1994 only).

(d) Any other documentation necessary to substantiate the claim.

§ 301–11.532 How should we compute the employee's ITRA?

You should follow the procedures prescribed for the relocation income tax allowance, see § 302–11.7, § 302–11.8 and Appendices A, B, C, and D to part 302–11 of this title or as illustrated in § 301–11.535.

§ 301–11.533 Are tax penalty and interest payments reimbursable?

Yes, the total amount of any penalty and interest assessed by the IRS (for tax years 1993 and 1994 only) due to the failure of the Government to withhold the appropriate income taxes are reimbursable.

§ 301–11.534 What tax tables should we use to calculate the amount of allowable reimbursement?

The tax tables for the year the tax was incurred are to be used.

§ 301–11.535 How should we calculate the ITRA?

(a) Use the documents prescribed in § 301–11.531 to calculate the ITRA as follows:

(1) Determine Federal, State and local marginal tax rates by using the procedures and the marginal tax tables established for the relocation income tax allowance in § 302–11.7, § 302–11.8 and Appendices A, B, C and D to part 302–11 of this title; and

(2) Add any penalty or interest for tax years 1993 or 1994 only to determine the full ITRA payment; or

(b) As calculated in the following illustration.

Example of calculating an employee's tax return using the marginal tax rate schedules in Appendix B to part 302–11 of this title:

FOR TAX YEARS 1993 OR 1994 (MARRIED FILING JOINT RETURN)

	Original	Recalculated
1. Adjusted Gross Income (w/ travel reimbursement)	$75,246	$75,246
2. Subtract travel reimbursement		(15,482)
3. Subtract personal exemptions and itemized or standard deductions	(12,689)	(12,689)
4. Adjusted taxable income	62,557	47,075
5. Tax liability on adjusted taxable income:		
a. Federal	17,516 (28%)	$7,061* (15%)
b. State, VA (5.75% tax bracket)	3,597	2,707
c. Local: Not applicable	0	0
d. Total	21,113	9,768
6. Difference of total of column 1 minus total of column 2:		
Additional Taxes Incurred due to travel reimbursement—$11,345		
7. Add to the tax difference:		
a. Penalty Payment imposed by IRS tax year 1993—1,500		
b. Interest Payment imposed by IRS tax year 1993—1,500		
Total 6 and 7a and b = ITRA—$14,345**		

* Adjusted taxable income places employee in lower tax bracket.

** The ITRA reimbursement is taxable income for the year in which paid at the appropriate Federal, State and local income tax rates.

§ 301–11.536 Is the ITRA reimbursement considered to be income to the employee?

Yes. The ITRA reimbursement is considered taxable income in the year paid and is subject to tax withholding as any other income.

§ 301–11.537 Are income taxes to be withheld from the ITRA?

Yes, as determined by your internal tax withholding procedures established for your agency pursuant to IRS procedures.

§ 301–11.538 May we offer a lump sum payment to cover the income tax liability on the covered ITRA?

Yes, if the employee mutually agrees in writing to the lump sum payment and understands that he/she is responsible

for any income taxes without further reimbursement. (See the illustration in § 301-11.527.)

§ 301-11.539 If the employee does not elect a lump sum payment, how is the tax on the ITRA calculated?

The tax on the ITRA reimbursement should be calculated using the Year 2 formulas developed for the relocation income tax allowance. (See § 302-11.8.)

§ 301-11.540 How do we handle any excess payment?

You must collect any excess payments, which includes issuing corrected W-2's or 1099's.

Subpart F—Income Tax Reimbursement Allowance (ITRA), Tax Years 1995 and Thereafter

General

Sec.
301-11.601 What is the Income Tax Reimbursement Allowance (ITRA)?
301-11.602 Who is eligible to receive the ITRA?
301-11.603 Are Federal Insurance Contribution Act (FICA) and Medicare deductions included in any reimbursement under this part?

Employee Responsibilities

301-11.621 Must I file a claim to be reimbursed for the additional income taxes incurred?
301-11.622 If I was assessed an income tax penalty and/or interest payment due to incorrect income tax withholdings, are those payments reimbursable?
301-11.623 What documentation must I submit to substantiate my claim?
301-11.624 What steps must my agency take to determine my ITRA?
301-11.625 Is the ITRA I receive taxable income?
301-11.626 May I receive a lump sum payment of the additional tax liability on the covered ITRA in lieu of submitting another claim?
301-11.627 If I elect a lump sum payment, how is the ITRA paid?
301-11.628 If I do not elect lump sum payment is there any additional reimbursement?

Agency Responsibilities

301-11.631 What documentation must the employee submit to substantiate a claim?
301-11.632 How should we compute the employee's ITRA?
301-11.633 Are tax penalty and interest payments reimbursable?
301-11.634 What tax tables should we use to calculate the amount of allowable reimbursement?
301-11.635 How should we calculate the ITRA?
301-11.636 Is the ITRA reimbursement considered to be income to the employee?
301-11.637 Are income taxes to be withheld from the ITRA?
301-11.638 May we offer a lump sum payment to cover the income tax liability on the covered ITRA?
301-11.639 If the employee does not elect a lump sum payment, how is the tax on the ITRA reimbursement calculated?
301-11.640 How do we handle any excess payment?

Subpart F—Income Tax Reimbursement Allowance (ITRA), Tax Years 1995 and Thereafter

General

§ 301-11.601 What is the Income Tax Reimbursement Allowance (ITRA)?

The ITRA is an allowance designed to reimburse Federal, State and local income taxes incurred incident to an extended TDY assignment at one location.

§ 301-11.602 Who is eligible to receive the ITRA?

An employee (and spouse, if filing jointly) who was in a TDY status for an extended period at one location and who incurred Federal, State, or local income taxes on amounts received as reimbursement for official travel expenses.

§ 301-11.603 Are Federal Insurance Contribution Act (FICA) and Medicare deductions included in any reimbursement under this part?

No. Reimbursement is limited to income taxes.

Employee Responsibilities

§ 301-11.621 Must I file a claim to be reimbursed for the additional income taxes incurred?

Yes, a claim must be submitted in accordance with your agency's policy.

§ 301-11.622 If I was assessed an income tax penalty and/or interest payment due to incorrect income tax withholdings, are those payments reimbursable?

No. The reimbursement of tax penalty and/or interest payment assessed by the IRS is limited by law to tax years 1993 and 1994 only.

§ 301-11.623 What documentation must I submit to substantiate my claim?

Your agency will determine what documentation is sufficient. (See § 301-11.631.)

§ 301-11.624 What steps must my agency take to determine my ITRA?

Your agency should:

(a) Determine Federal, State and local marginal tax rates by using the procedures and the marginal tax tables established for the relocation income tax allowance in § 302-11.7, § 302-11.8 and Appendices A, B, C and D to part 302-11 of this title; or

(b) Determine reimbursement as calculated in the illustration shown in § 301-11.535.

§ 301-11.625 Is the ITRA I receive taxable income?

Yes. The amount received must be reported as taxable income in the year in which received, but you are eligible to receive an allowance to cover the taxes assessed on the ITRA under § 301-11.628.

§ 301-11.626 May I receive a lump sum payment of the additional tax liability on the covered ITRA in lieu of submitting another claim?

Yes, if agreed to in writing by your agency and with the understanding that you will be responsible for any income taxes due without further reimbursement.

§ 301-11.627 If I elect a lump sum payment, how is the ITRA paid?

(a) Reimbursement is as illustrated:

LUMP SUM ITRA TAX PAID TO EMPLOYEE

ITRA reimbursement for tax year 1995	$14,435
Federal Tax liability on ITRA Reimbursement (@ 28%)	4,042
VA State tax liability (@ 5.75%)	830
Local tax liability	0
Total reimbursement	19,307

(b) Reimbursement of the ITRA and tax on the ITRA is a final lump sum payment with no further reimbursement. You will be responsible for any income taxes due on $19,307.

§ 301-11.628 If I do not elect lump sum payment is there any additional reimbursement?

Yes. You are reimbursed for the tax on the tax reimbursement received. Your agency will calculate the tax on the tax reimbursement using the formulas developed for the Year 2 reimbursements of the relocation income tax allowance (see § 302-11.8 of this title).

Agency Responsibilities

§ 301-11.631 What documentation must the employee submit to substantiate a claim?

You must determine what documentation you require to be submitted with the employee's claim. It may include:

(a) A certified statement as prescribed in § 302-11.10 of this title or a copy of the employee's completed Federal, State and local tax return for the tax year in which the taxes were withheld and paid.

(b) Copies of W-2's and Form 1099's; and

(c) Any other documentation necessary to substantiate your claim.

§ 301-11.632 How should we compute the employee's ITRA?

You should follow the procedures prescribed for the relocation income tax allowance, see § 302-11.7, § 302-11.8 and Appendices A, B, C, and D to part 302-11 of this title or as illustrated in § 301-11.535.

§ 301-11.633 Are tax penalty and interest payments reimbursable?

No. The reimbursement of penalty and/or interest payments assessed by the IRS is limited by law to tax years 1993 and 1994 only.

§ 301-11.634 What tax tables should we use to calculate the amount of allowable reimbursement?

The tax tables for the year the tax was incurred are to be used.

§ 301-11.635 How should we calculate the ITRA?

Use the documents prescribed in § 301-11.631 to calculate the ITRA as follows:

(a) Determine Federal, State and local marginal tax rates by using the procedures and the marginal tax tables established for the relocation income tax allowance in § 302-11.7, § 302-11.8 and Appendices A, B, C and D to part 302-11 of this title, or

(b) As calculated in the following illustration.

Example of calculating an employee's tax return using the marginal tax rate schedules in Appendix B to part 302-11 of this title:

FOR TAX YEAR 1995 AND THEREAFTER

[MARRIED FILING JOINT RETURN]

	Original	Recalculated
1. Adjusted Gross Income (w/ travel reimbursement):	$75,246	$75,246
2. Subtract travel reimbursement:		(15,482)
3. Subtract personal exemptions and itemized or standard deductions	(12,689)	(12,689)
4. Adjusted taxable income	62,557	47,075
5. Tax liability on adjusted taxable income:		
a. Federal (28%)	17,516	*7,061 (15%)
b. State, VA (5.75% tax bracket)	3,597	2,707
c. Local: Not applicable	0	0
d. Total	21,113	9,768
6. Difference of total of column 1 minus total of column 2: Additional Taxes Incurred due to travel reimbursement—$11,345		
Total = ITRA—$11,345**		

*Adjusted taxable income places employee in lower tax bracket.
**The ITRA reimbursement is taxable income for the year in which paid at the appropriate Federal, State and local income tax rates.

§ 301-11.636 Is the ITRA reimbursement considered to be income to the employee?

Yes. The ITRA reimbursement is considered taxable income in the year paid and is subject to tax withholding as any other income.

§ 301-11.637 Are income taxes to be withheld from the ITRA?

Yes, as determined by your internal tax withholding procedures established for your agency pursuant to IRS procedures.

§ 301-11.638 May we offer a lump sum payment to cover the income tax liability on the covered ITRA?

Yes, if the employee mutually agrees in writing to the lump sum payment and understands that he/she is responsible for any income taxes without further reimbursement. See the illustration in § 301-11.627.

§ 301-11.639 If the employee does not elect a lump sum payment, how is the tax on the ITRA reimbursement calculated?

The tax on the tax reimbursement should be calculated using the Year 2 formulas developed for the relocation income tax allowance. (See § 302-11.8.)

§ 301-11.640 How do we handle any excess payment?

You must collect any excess payments, which includes issuing corrected W-2's or 1099's.

Dated: June 10, 1999.

David J. Barram,

Administrator of General Services.

[FR Doc. 99-15540 Filed 6-17-99; 8:45 am]

BILLING CODE 6820-34-P

FEDERAL EMERGENCY MANAGEMENT AGENCY

44 CFR Part 65

[Docket No. FEMA-7289]

Changes in Flood Elevation Determinations

AGENCY: Federal Emergency Management Agency, FEMA.

ACTION: Interim rule.

SUMMARY: This interim rule lists communities where modification of the base (1% annual chance) flood elevations is appropriate because of new scientific or technical data. New flood insurance premium rates will be calculated from the modified base flood elevations for new buildings and their contents.

DATES: These modified base flood elevations are currently in effect on the dates listed in the table and revise the Flood Insurance Rate Map(s) (FIRMs) in effect prior to this determination for each listed community.

From the date of the second publication of these changes in a newspaper of local circulation, any person has ninety (90) days in which to request through the community that the Associate Director reconsider the changes. The modified elevations may be changed during the 90-day period.

ADDRESSES: The modified base flood elevations for each community are available for inspection at the office of the Chief Executive Officer of each community. The respective addresses are listed in the following table.

Income Tax Reimbursement Allowance (ITRA) Instructions

IR 7-1. **How do I claim my ITRA?**

IR 7-2. **What method will the DOI use to calculate my reimbursement of the additional taxes I incurred?**

IR 7-3. **What do I have to do to file a claim for my ITRA if I do not have the W-2(s)?**

IR 7-4. **How is my reimbursement to be calculated if my bureau established a higher per diem rate to compensate me for the taxes prior to the ITRA being authorized?**

IR 7-5. **May I send in copies of my Federal and State income tax returns to substantiate my claim for the ITRA?**

IR 7-6. **Is the ITRA reimbursement subject to withholding for all employment taxes or just income taxes?**

IR 7-7. **Am I entitled to an ITRA if my bureau did not include the travel allowance payments on my W-2?**

IR 7-8. **Will DOI make lump sum payments for the ITRA?**

IR 7-9. **Will DOI recalculate my tax returns and determine the amount of ITRA I am due?**

IR 7-10. **Will I receive another payment next year to cover the taxes I must pay on the ITRA?**

IR 7-11. **Will my ITRA reimbursement be included in my W-2 or will a 1099 be issued?**

IR 7-12. **I am no longer employed by DOI, am I still eligible for an ITRA?**

IR 7-13 **Will I receive a Withholding Tax Allowance (WTA) to offset the tax withholding when I receive taxable per diem payments?**

IR 7-14 **I received per diem payments for 12 consecutive months that covered parts of two tax years, must I file one or two ITRA claims?**

IR 7-1. How do I claim my ITRA?

You must file a travel voucher, SF 1012, supported by an Income Tax Reimbursement Allowance Certification (see Attachment 3), a copy your W-2(s) and documentation to support any claim for penalty or interest for tax years 1993 and 1994.

IR 7-2. What method will the DOI use to calculate my reimbursement of the additional taxes I incurred?

Your reimbursement will be calculated using the method required for reimbursing the additional tax burden incurred as a result of receiving payments for relocation expenses. This process is explained in the Federal Travel Regulation (41 CFR 302-11.8). The relocation income tax computer program for the applicable tax year will be used to determine your entitlement, including the amount of tax that will be due as a result of the ITRA payment.

IR 7-3. What do I have to do to file a claim for my ITRA if I do not have the W-2(s)?

You cannot file a claim until you have obtained copies of your W-2(s). You should contact the payroll office that issued the W-2(s) and request a duplicate copy.

IR 7-4. How is my reimbursement to be calculated if my bureau established a higher per diem rate to compensate me for the taxes prior to the ITRA being authorized?

The amount of per diem in excess of the locality rate, paid to defray the taxes will be considered a Withholding Tax Allowance for calculation purposes. The formula will reduce the amount of the ITRA by the excess amount paid (See Attachment 5).

IR 7-5. May I send in copies of my Federal and State income tax returns to substantiate my claim for the ITRA?

No, DOI will not accept tax returns to substantiate ITRA entitlement. Tax returns are not to be sent to the finance office since they contain privacy data that must have special handling and secured storage with limited access.

IR 7-6. Is the ITRA reimbursement subject to withholding for all employment taxes or just income taxes?

The ITRA is subject to all income and employment taxes. These include federal, state, and local income tax withholding, and the applicable part of FICA. If your salary is subject to the full FICA tax, your ITRA will be subject to the full FICA withholding.

IR 7-7. Am I entitled to an ITRA if my bureau did not include the travel allowance payments on my W-2?

No, the ITRA is for reimbursing the additional taxes paid based on reported taxable income.

IR 7-8. Will DOI make lump sum payments for the ITRA?

No, ITRA will be determined using the same formula used for calculating the relocation income tax allowance.

IR 7-9. Will DOI recalculate my tax returns and determine the amount of ITRA I am due?

No, DOI will not recalculate your tax returns or pay an ITRA based on the recalculation of your individual income tax returns.

IR 7-10. Will I receive another payment next year to cover the taxes I must pay on the ITRA?

No, the ITRA reimbursement is an amount that is approximately equal to the taxes paid in prior years and the taxes due on the ITRA in future years..

IR 7-11. Will my ITRA reimbursement be included in my W-2 or will a 1099 be issued?

Your ITRA reimbursement will be included in your W-2 for the year the payment is received.

IR 7-12. I am no longer employed by DOI, am I still eligible for an ITRA?

Yes, your current employment status does not affect your entitlement. Your voucher should be filed with the bureau finance office that serviced you when you were employed by DOI.

IR 7-13 **Will I receive a Withholding Tax Allowance (WTA) to offset the tax withholding when I receive taxable per diem payments?**

No, the Department does not have the authority to make a WTA payment to cover the taxes incurred as a result of temporary duty.

IR 7-14 **I received per diem payments for 12 consecutive months that covered parts of two tax years, must I file one or two ITRA claims?**

You must file two claims, one claim for each tax year.

Attachment 3

INCOME TAX REIMBURSEMENT ALLOWANCE (ITRA) CERTIFICATION

This Certification must be attached to the SF 1012 (Travel Voucher) to support an Income Tax Reimbursement (ITRA) claim for income taxes paid.

Name: _____

Period of Temporary Duty: _____

Office Phone Number: _____

Claim for income tax allowance reimbursement for taxes paid in tax year _____.

I certify that the following information, which is to be used in calculating the ITRA 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 tax authorities for the tax year shown above.

☞ Earned income as shown on the attached Form(s) W-2 for the tax year and/or net earnings (or loss) from self-employment income shown on Schedule SE 1040 (line 1 plus line 2):

	Forms W-2	**Line 1 Plus Line 2 Schedule SE**
Employee	**$**_____	**$**_____
Spouse (if filing joint return)	**$**_____	**$**_____
TOTAL	**$**_____	

Total payments for long term official travel included in the above income $_____.

Federal Tax- Filing Status:
Check One: **[ ] Single** **[ ] Married Filing Separate Return**
[ ] Married Filing Joint Return **[ ] Qualified Widow(er)**
[ ] Head of Household

☞ State where a tax liability was incurred as a result of per diem allowance payments for long term official travel _____.

☞ If total compensation shown above is less than $20,000.00, indicate State income tax rate_____.

☞ The State tax rate above is expressed as a percent of which of the following:
Check One: **[ ] Income** **[ ] Federal Tax**

☞ Locality where a tax liability was incurred as a result of long term official travel payments _____.

Type of Locality: **[ ] City or Municipality** **[ ] County**

☞ Indicate local income tax rate for the locality:_____

☞ The Local tax rate above is expressed as a percent (%) of which of the following:

Check One: **[ ] Income** **[ ] State Tax** **[ ] Federal Tax**

☞ **For this tax year I paid IRS $ _____interest as a result of the travel allowances I received for official travel (APPLIES TO TAX YEARS 1993 AND 1994 ONLY).** A copy of the IRS letter or notice showing the interest due must be attached.

☞ **For this tax year I paid IRS $_____penalty for having insufficient withholding as a result of the travel allowances I received for official travel (APPLIES TO TAX YEARS 1993 AND 1994 ONLY).** A copy of the IRS letter or notice showing the penalty due must be attached.

The above information is true and accurate to the best of my (our) knowledge. I (we) agree to notify the finance office of any changes to the above (i.e., from amended tax returns, tax audit, etc.) so that appropriate adjustment to the ITRA can be made. The required supporting documents (W-2's and Schedule SE) are attached. Additional documentation will be furnished if requested.

_____ _____

Employee's Signature Date

_____ _____

Spouse's Signature Date

(If joint return is checked above)

INCOME TAX REIMBURSEMENT ALLOWANCE
YEAR 2 = 1999.....YEAR 1 = 1994

NAME OF CLAIMANT	Joe Traveler	
SSN OF CLAIMANT	999/66/5555	
AUTHORIZATION NUMBER	LT 546001	
OFFICE	Finance	
ACTIVITY	Travel	
REPORT DATE TO NEW LOCATION	01/02/1994	
1. EARNED INCOME FOR YEAR 1	$ 89,000.00	
2. TAX FILING STATUS	MARRIED FILING JOINT RETURN	
3. FEDERAL TAX RATES	.28 (YR1); .28(YR2)	
4. STATE TAX RATE AND STATE	.0575 VIRGINIA	
STATE RATE AS % OF TXBL INCOME	.0575	
5. LOCAL TAX RATE	0	
LOCAL TAX RATE BASED ON INCOME	0	
6. COMBINED MARGINAL TAX RATES	.3214 (YR1); .3214 (YR2)	
7. COVERED TAXABLE PER DIEM PAYMENTS	:	$ 16,500.00 ①
8. STATE WITHHOLDING TAX RATE	.05 VIRGINIA	

TOTAL INCOME TAX REIMBURSEMENT ALLOWANCE (YEAR 2):	$ 7,814.77
LESS WITHHOLDING TAX ALLOWANCES (YEAR 1)	$ 0.00
FINAL INCOME TAX REIMBURSEMENT ALLOWANCE (YEAR 2)	$ 8,814.77
LESS 28% FED.WITHHOLDING TAX FOR YEAR 2	$ - 2,188.14
LESS FICA TAX ON YEAR 2 FINAL ITRA (SEE NOTE 1)	$ - 579.83
LESS STATE WITHHOLDING TAX FOR YEAR 2	$ - 390.74
SUBTOTAL	$ 4,638.06
LESS FIRST OFFSET	$
LESS SECOND OFFSET	$
NET INCOME TAX REIMBURSEMENT TO CLAIMANT	$ 4,638.06 ②

(ASSUMING NO LOCAL TAX WITHHOLDING AND NO REIMBURSABLE INTEREST OR PENALTIES)

NOTE 1: CALCULATION OF THE YEAR 2 FICA TAX:

FICA category: FULL FICA WITHHOLDING (OASDI PLUS HIT)

YTD FICA income	:	$ 14,000.00
Final ITRA allowance	:	$ 7,814.77
Max. inc. subject to FICA (OASDI)		$ 72,600.00
* FICA (OASDI) withholding of.....		$ 482.52
.computed on base of:		$ 7,814.77
.at FICA (OASDI) rate: .062		
No income limit for Medicare (HIT)		
*Medicare (HIT) withholding of		$ 113.31
. computed on base of:		$ 7,814.77
. at Medicare rate of: .0145		
****Grand total FICA withholding.....		$ 597..83

① This is the per diem payments included in the employee's W-2 as taxable income. Do not include interest or penalties paid to the IRS in this space.

②All allowable interest and penalties for tax years 1993 and 1994 must be added to this total.

Attachment 5

INCOME TAX REIMBURSEMENT ALLOWANCE
YEAR 2 = 1999.....YEAR 1 = 1994

NAME OF CLAIMANT	Joe Traveler
SSN OF CLAIMANT	999/66/5555
AUTHORIZATION NUMBER	LT 546001
OFFICE	Finance
ACTIVITY	Travel
REPORT DATE TO NEW LOCATION	01/02/1994
1. EARNED INCOME FOR YEAR 1	$ 89,000.00
2. TAX FILING STATUS	MARRIED FILING JOINT RETURN
3. FEDERAL TAX RATES	.28 (YR1); .28(YR2)
4. STATE TAX RATE AND STATE	.0575 VIRGINIA
STATE RATE AS % OF TXBL INCOME	.0575
5. LOCAL TAX RATE	0
LOCAL TAX RATE BASED ON INCOME	0
6. COMBINED MARGINAL TAX RATES	.3214 (YR1); .3214 (YR2)
7. COVERED TAXABLE PER DIEM PAYMENTS	: $ 18,000.00 ①
8. STATE WITHHOLDING TAX RATE	.05 VIRGINIA

TOTAL INCOME TAX REIMBURSEMENT ALLOWANCE (YEAR 2):	$ 8,525.20
LESS WITHHOLDING TAX ALLOWANCES (YEAR 1)	$ 1,500.00 ②
FINAL INCOME TAX REIMBURSEMENT ALLOWANCE (YEAR 2)	$ 7,025.20
LESS 28% FED.WITHHOLDING TAX FOR YEAR 2	$-1,967.06
LESS FICA TAX ON YEAR 2 FINAL ITRA (SEE NOTE 1)	$ - 537.43
LESS STATE WITHHOLDING TAX FOR YEAR 2	$ - 351.26
SUBTOTAL	$ 4,169.45
LESS FIRST OFFSET	$
LESS SECOND OFFSET	$
NET INCOME TAX REIMBURSEMENT TO CLAIMANT	$ 4,169.45 ③

(ASSUMING NO LOCAL TAX WITHHOLDING AND NO REIMBURSABLE INTEREST OR PENALTIES)

NOTE 1: CALCULATION OF THE YEAR 2 FICA TAX:

FICA category: FULL FICA WITHHOLDING (OASDI PLUS HIT)	
YTD FICA income :	$ 14,000.00
Final ITRA allowance :	$ 7,025.20
Max. inc. subject to FICA (OASDI)	$ 72,600.00
* FICA (OASDI) withholding of.....	$ 435.56
.computed on base of:	$ 7,025.20
.at FICA (OASDI) rate: .062	
No income limit for Medicare (HIT)	
*Medicare (HIT) withholding of	$ 101.87
. computed on base of:	$ 7,025.20
. at Medicare rate of: .0145	
****Grand total FICA withholding.....	$ 537.483

① This is the per diem payments included in the employee's W-2 as taxable income. Do not include interest or penalties paid to the IRS in this space.
② Excess per diem allowance paid to offset taxes (this is per diem in excess of 55% of the locality rate).
③All allowable interest and penalties for tax years 1993 and 1994 must be added to this total.

INCOME TAX REIMBURSEMENT ALLOWANCE
YEAR 2 = 1999.....YEAR 1 = 1994

NAME OF CLAIMANT	Joe Traveler
SSN OF CLAIMANT	999/66/5555
AUTHORIZATION NUMBER	LT 546001
OFFICE	Finance
ACTIVITY	Travel
REPORT DATE TO NEW LOCATION	01/02/1994
1. EARNED INCOME FOR YEAR 1	$ 89,000.00
2. TAX FILING STATUS	MARRIED FILING JOINT RETURN
3. FEDERAL TAX RATES	.28 (YR1); .28(YR2)
4. STATE TAX RATE AND STATE	.0575 VIRGINIA
STATE RATE AS % OF TXBL INCOME	.0575
5. LOCAL TAX RATE	0
LOCAL TAX RATE BASED ON INCOME	0
6. COMBINED MARGINAL TAX RATES	.3214 (YR1); .3214 (YR2)
7. COVERED TAXABLE PER DIEM PAYMENTS	: $ 18,000.00 ①
8. STATE WITHHOLDING TAX RATE	.05 VIRGINIA

TOTAL INCOME TAX REIMBURSEMENT ALLOWANCE (YEAR 2):	$ 8,525.20
LESS WITHHOLDING TAX ALLOWANCES (YEAR 1)	$ 1,500.00 ②
FINAL INCOME TAX REIMBURSEMENT ALLOWANCE (YEAR 2)	$ 7,025.20
LESS 28% FED.WITHHOLDING TAX FOR YEAR 2	$-1,967.06
LESS FICA TAX ON YEAR 2 FINAL ITRA (SEE NOTE 1)	$ - 537.43
LESS STATE WITHHOLDING TAX FOR YEAR 2	$ - 351.26
SUBTOTAL	$ 4,169.45
LESS FIRST OFFSET	$
LESS SECOND OFFSET	$
NET INCOME TAX REIMBURSEMENT TO CLAIMANT	$ 4,169.45 ③
Tax Penalty paid to IRS	$ 210.00
Total Payment Due	$ 4,379.45 ④

(ASSUMING NO LOCAL TAX WITHHOLDING)

NOTE 1: CALCULATION OF THE YEAR 2 FICA TAX:

FICA category: FULL FICA WITHHOLDING (OASDI PLUS HIT)

YTD FICA income :	$ 14,000.00
Final ITRA allowance :	$ 7,025.20
Max. inc. subject to FICA (OASDI)	$ 72,600.00
* FICA (OASDI) withholding of.....	$ 435.56
.computed on base of:	$ 7,025.20
.at FICA (OASDI) rate: .062	
No income limit for Medicare (HIT)	
*Medicare (HIT) withholding of	$ 101.87
. computed on base of:	$ 7,025.20
. at Medicare rate of: .0145	
****Grand total FICA withholding.....	$ 537.483

① This is the per diem payments included in the employee's W-2 as taxable income. Do not include interest or penalties paid to the IRS in this space.

② Excess per diem allowance paid to offset taxes (this is per diem in excess of 55% of the locality rate).

③ All allowable interest and penalties for tax years 1993 and 1994 must be added to this total.

④ Payment due after adding the verified IRS penalty.