

Process for RITA-Eligible Employee Who Declines WTA

1. Civilian employee accepts orders for PCS transfer and reports to new duty location.
2. Employee files DD Form 1351-2 (Travel Voucher) and declines payment of WTA using DFAS Employee Agreement Form. DFAS adjudicates Travel Voucher with IATS information and processes taxable payment to employee in **Year 1**. DFAS makes 22% FITW, 6.2% FICA, and 1.45% Medicare IRS withholding payments based on taxable Travel Voucher expenses calculable at time of settlement (airfare, per diem, MEA, etc.).
3. Employee receives travel settlement amount offset by FITW, FICA, and Medicare withholdings, and monitors Government Travel Card balance.
4. DFAS issues **Year 1** W-2 NLT 31 January **Year 2** showing taxable move costs; and FITW, FICA, and Medicare withholdings.
5. Employee files **Year 1** federal (and state) tax return reporting W-2 income.
6. Employee files RITA claim with DFAS (DD Form 1351-2, DD Form 1614, completed tax return, W-2s, and RITA Certificate).
7. DFAS calculates “grossed-up” RITA payment using IRS and state tax tables to determine additional federal, state, and local income tax paid on move cost amount.
8. Employee receives RITA offset by withholdings. **Year 2** RITA amount is income reported to employee on **Year 2** W-2, reportable on **Year 2** tax return, and filed during **Year 3**.

Process for RITA-Eligible Employee Who Elects WTA

1. Civilian employee accepts orders for PCS transfer and reports to new duty location.
2. Employee files DD Form 1351-2 (Travel Voucher) and elects WTA using DFAS Employee Agreement Form. DFAS adjudicates Travel Voucher with IATS information and processes taxable payment to employee in **Year 1**. DFAS makes 22% FITW, 6.2% FICA, and 1.45% Medicare IRS withholding payments based on taxable Travel Voucher expenses calculable at time of settlement (airfare, per diem, MEA, “grossed-up” WTA).
3. Employee receives travel settlement amount, including WTA ($\approx 28.2\% \times$ Taxable Cost of Move) offset by FITW, FICA, and Medicare withholdings, and monitors Government Travel Charge Card balance.
4. DFAS issues **Year 1** W-2 NLT 31 January **Year 2** showing taxable move costs (including WTA) as taxable income; and FITW, FICA, and Medicare withholdings.
5. Employee files **Year 1** federal (and state) tax return reporting W-2 income.
6. Employee files RITA claim with DFAS (DD Form 1351-2, DD Form 1614, completed tax return, W-2s, and RITA Certificate) **NLT 30 April Year 2** (29 April if Leap Year).
7. DFAS calculates “grossed-up” RITA payment (less WTA payment) using IRS tax tables to determine additional federal, state, and local income tax paid on move cost amount.
8. Employee receives RITA offset by withholdings. **Year 2** RITA amount is income reported to employee on **Year 2** W-2, reportable on **Year 2** tax return and filed during **Year 3**.

Process for Employee Not Eligible for RITA

1. Newly accessed civilian employee accepts travel orders and reports to new duty location, or separating/retiring employee separates from service with final travel order.
2. Employee files DD Form 1351-2 (Travel Voucher). DFAS adjudicates Travel Voucher with IATS information and processes taxable payment to employee in **Year 1**. DFAS makes 22% FITW, 6.2% FICA, and 1.45% Medicare IRS withholding payments based on taxable Travel Voucher expenses calculable at time of settlement (airfare, per diem, MEA, etc.).
3. Employee receives travel settlement amount offset by FITW, FICA, and Medicare withholdings, and monitors Government Travel Charge Card balance. A separating employee’s GTCC expires and must be paid NLT their final date of employment.
4. DFAS issues **Year 1** W-2 NLT 31 January **Year 2** showing taxable move costs as taxable income; and FITW, FICA, and Medicare withholdings.
5. Employee files **Year 1** federal (and state) tax return reporting W-2 income.

Notes

Qualifying employees taxed on DFAS-reimbursed move expenses may file more than one RITA claim for a PCS move. DFAS classifies third-party payments (e.g., payments related to HHG and POV carrier shipments) made after October 31 as paid in the following year.

For instance, an employee who reports to a new duty location in the last few months of the year may complete a travel settlement resulting in taxable move income in that year. If HHG shipment expenses are paid by DFAS after October 31, the employee will have taxable move income accredited to the following tax year. The employee will receive move expense W-2s for each year, and may file a separate RITA claim for each year.