

RELOCATION INCOME TAX ALLOWANCE (RITA) WORKSHEET

Adjustment of RITA Payment for States That Do Not Allow Deduction of Moving Expenses for State Income Tax Purposes

NAME OF CLAIMANT (Last, First, Middle Initial)

MOVING EXPENSE AUTHORIZATION NUMBER

YEAR 1 = 19 ____

THE FINAL RELOCATION INCOME TAX ALLOWANCE (YEAR 2) CAN BE ADJUSTED BY ADDING THE RESULT OF THE FOLLOWING:

$$\text{Adjustment Factor} = \frac{S(1-F)(N)}{(1-W)}$$

Where: S = State Tax Rate (Year 1, the year of moving expense reimbursement).

F = Federal Tax Rate (Year 1).

W = Combined Marginal Tax Rate (Year 2, the year when the RITA adjustment is made).

N = Reimbursed moving expenses (Year 1) that were deductible for federal income tax purposes but not for state income tax purposes.

PART A - RITA ADJUSTMENT CALCULATION

Step 1. Multiply:

State Tax Rate (Year 1)
by 1 minus Federal Tax Rate (Year 1)

S = _____
1 - F = _____

A = Result of Step 1

A = _____

Step 2. Divide:

Result of Step 1
by 1 minus Combined Marginal Tax Rate (Year 2)

A = _____
1 - W = _____

B = Result of Step 2

B = _____

Step 3. Multiply:

Result of Step 2
by reimbursed moving expenses in Year 1 that were deductible for federal tax but not state tax purposes

B = _____
N = _____

C = Adjustment Factor

C = _____

PART B - ADJUSTED RITA PAYMENT

Add the ADJUSTMENT FACTOR (C) to the FINAL RELOCATION INCOME TAX ALLOWANCE for Year 2 (final RITA before tax and FICA deductions) as calculated using the current RITA formula. The result is the RITA payment adjusted for states that do not allow moving expense deductions. From this adjusted amount, federal tax withholding, state tax withholding, and FICA must be deducted for Year 2.

However, if this claim is a retroactive claim for the RITA adjustment only, then federal, state, and FICA tax withholdings are computed on the Adjustment Factor only.

Adjustment Factor (C)

C = _____

+ Final RITA (Year 2)

+ _____ (enter zero if RITA was previously paid)

Adjusted RITA

D = _____

Subtract from Adjusted RITA:

20% Federal Withholding Tax (Year 2)

FICA Tax on Year 2 Adjusted RITA

State Withholding Tax (Year 2)

Total of Subtractions

E = _____

Net RITA Payment to Claimant

(D minus E)

(Assuming no local tax withholding)

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About the ITAOP/savePDF Method

The traditional Field-by-Field creation process is extremely ineffective and slow.

The only realistic option to create high-quality forms is the Insert-Text-Anywhere-on-Page (ITAOP) method.

The field creation process is about 10,000 times faster than the traditional method; the list of ITAOP features is not even available for the traditional method.

ITAOP savePDF method proved to be very simple and completely reliable for millions of users all over the world (incl. individuals, companies, organizations, government employees).