

# Extended TDY Taxes and Extended TDY Tax Reimbursement Allowance

## NSSC Travel

Q. At what point do my ETDY reimbursements become taxable?

A. When it has been determined that travel will exceed 365 days, you should notify the NASA Shared Services Center (NSSC) 1-877-677-2123 so that taxes may be deducted from the subsequent monthly vouchers. The amount of deduction is determined by the IRS for all taxable reimbursements. This information is then forwarded to the Department of the Interior (DOI) to be included on the employee's Form W-2, Wage and Tax Statement.

- Example A: You begin an assignment in January 2019 and you know at the beginning that your assignment will require you to be at the same location for 14 months (through February 2020). Your reimbursements will be taxed beginning with the first expense report.
- Example B: You begin an assignment in January 2019 and you know that you will be returning from ETDY within 8 months (August 2019). However, in June 2019 you find out that circumstances require you to extend your assignment to February 2020. Expense Reports received as of June 2019 will begin to be taxed. You will not be taxed retroactively for the prior months.
- Example C: You begin an assignment in January 2019 and you know at the beginning that your assignment will require you to be at the same location for 14 months (through February 2020). However, you find out in July 2019 that your assignment will be cut short and your assignment is ending. Your previous reimbursements remain taxable. You will not be reimbursed for any of the taxes paid even though your assignment lasted only 7 months.

- Q. How is my reimbursement handled if I am considered to be on an indefinite assignment and therefore taxed?
- A. Once you submit your NF1850 voucher request to the NSSC, taxes will be deducted from your reimbursement at that time. The amount paid to you will be the net amount less the taxes.

- Q. How will I know when the taxes will start to be taken out of my voucher?
- A. NSSC will send an email notification to you.

Dear (Traveler),

It has been determined that your Extended TDY (ETDY) assignment has exceeded or will be exceeding 365 days. Internal Revenue Service (IRS) Publication 463 states that long term assignments in excess of one year at the same location are considered to be income by the IRS. NASA, as an employer, is obligated to report all ETDY travel reimbursements as income to the employee from the point that it can be reasonably determined that the assignment will exceed 365 days.

As your vouchers are processed, the NSSC will report the reimbursements as taxable income. Taxes will be deducted from your ETDY expense reimbursements as well as any home trips and/or official travel to your Permanent Duty Station. Taxes deducted include: Social Security (if applicable), Medicare, and State Tax for the location of your ETDY. This will be reflected on the same W-2 form that you receive for your salary. To prevent you from using part of your travel reimbursement to pay Federal Tax, a Withholding Tax Allowance (WTA) is applied. Please see the attached tax information for an example of how this is computed.

If your ETDY assignment is in the District of Columbia, but you temporarily reside in another state (e.g., Virginia), you may fill out a waiver for state tax withholdings based upon the state of your temporary residence. If you would like to use the waiver please go to [http://otr.cfo.dc.gov/sites/default/files/dc/sites/otr/publication/attachments/2012\\_d-4a\\_fill-in\\_form\\_pdf\\_0.pdf](http://otr.cfo.dc.gov/sites/default/files/dc/sites/otr/publication/attachments/2012_d-4a_fill-in_form_pdf_0.pdf). Complete, sign and attach the form to your next ETDY expense report.

In the upcoming tax year, you will be requested to comply with Federal Travel Regulation 310-11 Subpart F. Therefore you must file an Extended TDY Tax Reimbursement Allowance (ETTRA) claim. ETTRA is an allowance to reimburse employees for substantially all of the additional Federal, state, and local income taxes incurred as a result of an Extended TDY assignment. This means that you may be entitled to receive a portion of the funds withheld. The NSSC will issue a notification and explain the documentation required to complete this claim.

Please refer to the attached Employee Agreement to Repay Withholding Tax Allowance ETTRA Agreement and complete the following procedures:

1. Read and understand the requirements of the ETTRA Agreement.
2. Complete the requested information, sign, date, and submit the ETTRA Agreement within 30 days or prior to submission of your next voucher. To submit the ETTRA Agreement, email it to [nssc-etyd@mail.nasa.gov](mailto:nssc-etyd@mail.nasa.gov). It will be assigned to your Caseworker

It is important that you comply with the submission requirements for your ETTRA claim. However, in the case of non-compliance, NASA will initiate collection efforts to recover the tax allowances paid on your behalf.

If you have any questions, or need further assistance, please contact us at 1-877-677-2123 (1-877-NSSC123) or by e-mail at [nssc-contactcenter@nasa.gov](mailto:nssc-contactcenter@nasa.gov).

Sincerely,

NSSC Travel Office

Web: <https://www.nssc.nasa.gov/extendedtdy>

Fax: 1-866-779-6772

- Q. What expense will be taxed from my voucher?
- A. All extended TDY expenses including home trips and CBA airfare are taxed. Secondary travel (travel during an ETDY to a location other than the permanent duty station) is not taxable.



Q. What taxes are held out of my travel reimbursement?

A. The following taxes are deducted from your reimbursement:

- Federal Withholding Tax - 22%
- Medicare (or Hospital Insurance Tax – HIT) - 1.45%
- Social Security (FICA), if applicable – 6.2%
- State Tax at the location of your ETDY (if applicable according to the current rate)

Q. Is Federal Tax deducted from my reimbursement?

A. Yes. However, in order to help reduce the tax liability levied on the employee, a Withholding Tax Allowance (WTA) is given to the employee so that the employee does not have to bear the burden of paying Federal Tax. The WTA is calculated at 28.2051% and it does not cover HIT, FICA, or State taxes.

Q. What is the purpose of the WTA?

A. The purpose of the Withholding Tax Allowance (WTA) is to protect you from having to use part of your ETDY expense reimbursements to pay Federal income tax withholding; it does not cover state taxes, local taxes, Medicare taxes, or Social Security taxes.

The WTA is treated as an advance against the ETDY Tax Reimbursement Allowance (ETTRA) and is deducted from any ETTRA computed in the following year. The WTA will be reimbursed on each claim that has taxable expenses. Remember, WTA itself is taxable.

- Q. Why is my reimbursement “grossed up” prior to deducting taxes?
- A. Because the WTA is itself taxable, the total taxable travel reimbursement is “grossed up” by adding the WTA to the travel reimbursement and then applying and calculating the required tax on the total amount. This is performed to allow you the WTA and thereby not have to bear the burden of the Federal Tax. (See calculation example on next slide)

Q. How are the taxes calculated?

A. To prevent you from using part of your travel reimbursement to pay Federal Tax (22%), a Withholding Tax Allowance (WTA) is applied to the reimbursement amount as shown in the following example:

Amount of monthly travel voucher:	<b>\$2,480.00</b>
WTA (28.2051%)	<u>x 1.282051</u>
Grossed Up Amount	<b>\$3,179.49</b>

The “grossed up” amount is then used to calculate the taxes as follows:

Reimbursement with added WTA	\$3,179.49
Less Federal (22%)	699.49
Less HIT (1.45%)	46.10
Less FICA (6.2%)	197.13
Less State (5% as an example)	<u>158.97</u>
Amount reimbursable to employee	<b>\$2,077.80</b>

Since the original travel reimbursement was “grossed up” (i.e., the WTA was applied), the employee does not have to bear the burden of the Federal Tax.

Q. Will the NSSC report the taxes withheld?

A. Yes. IRS Publication 463 states that long term assignments in excess of 1 year are considered to be income. NASA is obligated to report all reimbursements as income to the employee from the point it can be reasonably determined that the assignment will exceed 365 days.

- Q. Will I receive a W-2 for the taxable income on my travel reimbursements?
- A. Yes, The taxable withholdings will be included on the same W-2 you receive for your salary income. A separate W-2 is not issued.

Q. How will my taxable income be reflected on my W-2 if my assignment spans over two different tax years?

A. Taxable income will be reflected on your W-2's for the two years you received taxable reimbursements.

Example: Your assignment begins in June 2019 and continues through August 2020. Taxable income will be reflected on both your 2019 W2 and your 2020 W2 according to the year you received the travel reimbursement.



- Q. When will my last expense report for the calendar year need to be submitted to be reflected on my W-2?
- A. Generally, by the first of December. The NSSC will send you an email notification to let you know the details of when you must file your last expense report for the calendar year.

Dear Customer,

The NASA Shared Services Center (NSSC) Travel Office is preparing for activities related to calendar year-end closing and 20XX W-2 reporting. Extended Temporary Duty (ETDY) reimbursements for assignments greater than a year are included on the employee's Form W-2 and must be reported to NASA's Payroll Provider, the Department of Interior, with the pay period ending December XX, 20XX.

To allow time for reimbursement and tax filing preparation, we would like to process all expense reports that have not yet been submitted as soon as possible and prior to any deadlines.

Note: ETDY Expense Reports received by the NSSC after the deadlines below will not be processed for payment until January 20XX.

ETDY expense reports must be approved by Center management no later than December X, 20XX.

Required receipts must be attached to the voucher at the time of submission. If receipts are not attached, the NSSC will be unable to audit the voucher and it will be returned.

Partial expense reports may be submitted for reimbursement of incurred expenses if necessary. Expenses for the remainder of the month may be submitted at a later time and will be paid in January 20XX.

Travelers should ensure the voucher has been prepared correctly prior to submission. The Concur Government Edition (CGE) system does not allow the NSSC to adjust vouchers if corrections are required; therefore, the expense report will be returned to the traveler/preparer for correction. This may not allow enough time for reprocessing and payment prior to the established deadline.

If you have any questions or need further assistance, please contact us at 1-877-677-2123 (1-877-NSSC123) or by e-mail at [nssc-contactcenter@nasa.gov](mailto:nssc-contactcenter@nasa.gov).

Please do not reply to this email. It was sent from an unmonitored mailbox.

Thank you.

NSSC Travel Office

Web: <https://www.nssc.nasa.gov/extendedtdy>

Fax: 1-866-779-6772

- Q. What is ETDY Tax Reimbursement Allowance (ETTRA)?
- A. The ETTRA is an allowance designed to reimburse substantially all of the additional Federal, State and local income taxes incurred incident to an extended TDY assignment at one location.

- Q. Must I file a claim to be reimbursed for the additional income taxes incurred?
- A. Yes. An ETTRA claim should be completed the calendar year **after** you receive payment for Extended TDY Expenses subject to taxes. The NSSC will send a notification to the traveler via email during the second quarter of the calendar year.

From: NSSC-Travel  
Subject: ETTRA Notification – 20XX Extended TDY payments

According to our records, you received taxable reimbursements for extended temporary duty expenses in the year 20XX. To comply with Federal Travel Regulation 301-11, you must file an Extended TDY Tax Reimbursement Allowance (ETTRA) claim to ensure you have been properly reimbursed for your taxes.

In order to process your 20XX ETTRA claim, please complete & fax the following documents:

- Signed Income Tax Reimbursement Allowance Certification\* (FORM ATTACHED), be sure to fill out all the required information on the form
- Signed SF1012 (sign in block 13) (FORM ATTACHED), be sure to fill out your contact information at the top of the form. Highlighted blocks must be filled out.
- Copies of W-2s for employee and spouse (if applicable) and/or 1099-R (for Military retirement only) for the year of the ETTRA you are filing
- Copies of 1040 Schedule SE (Self-Employment tax form) for employee and spouse (if applicable) for the year of the ETTRA you are filing

All documents should have the NSSC Fax cover sheet (FORM ATTACHED) and be sent to:  
NASA Shared Services Travel Office  
Attention: ETTRA Voucher  
Fax: 1-866-779-NSSC (1-866-779-6772)

More detailed information can be found in the attached ETTRA instructions or by accessing the following Federal Travel Regulations FTR301-11 link @ <http://www.gsa.gov/Portal/gsa/ep/channelView.do?pageTypeld=8199&channelId=-16524&specialContentType=FTR&file=FTR/Chapter301p011.html#wp108997>

Questions may be directed to: 1-877-NSSC123 (1-877-677-2123) or emailed to: [nssc-contactcenter@nasa.gov](mailto:nssc-contactcenter@nasa.gov)

\*Note: If you are married and filing a joint return or married filing a separate return, your spouse's signature on the Certification is required.

Thank you,  
NSSC Travel Office

Q. What documentation do I need to file for ETTRA?

A. You should provide a signed “NASA Form 1843 Employee ETTRA Agreement to Repay Withholding Tax Allowance”. Be sure to fill out all the required information on the form.\*

- Signed OF1012 (sign in block 13), be sure to fill out your contact information at the top of the form.  
*Highlighted blocks must be filled out.\**
- Signed NASA Form 1842. Be sure to fill out all required information on the form.

*Note: Forms will be provided in email notification.*

Q. How is ETTRA calculated?

A. ETTRA is calculated using a formula originated by the IRS which approximates the taxes an employee has already paid and the taxes that will be due on the reimbursement through ETTRA.

- Q. Will the ETTRA calculation always result in a reimbursement?
- A. There are certain instances in which an employee will incur a zero or a negative amount on their ETTRA voucher. If the ETTRA calculation results in a negative amount, the employee must repay that amount to the Government.



- Q. If I receive an ETTRA reimbursement, will it be considered taxable income?
- A. Yes. The amount received must be reported as taxable income in the year it was received.

Q. What regulation can provide more information on ETTRA?

A. Federal Travel Regulation (FTR) Part 301-11.501 thru  
301-11.640  
NPR 9750.1, Chapter 4.  
IRS Publication 463

If ETDY is determined to exceed 365 days:

- Taxes are applied to ETDY vouchers
- ETDY reimbursement is reported as taxable income
- W-2 form reflects reimbursements as part of your salary income
- ETTRA voucher will be filed the calendar year after you receive payment using the taxable income from your filed 1040 tax forms.