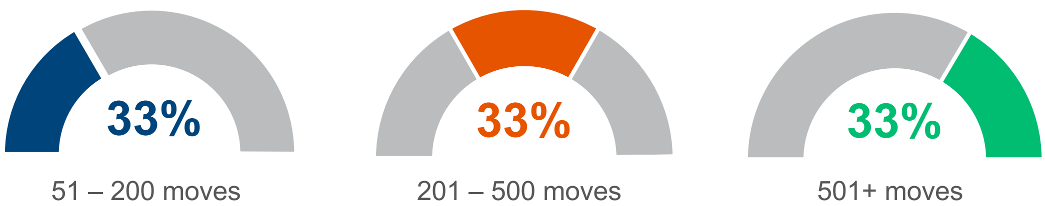
Gross-Up Practices Benchmark Survey

This survey was conducted to benchmark current practices related to grossing up taxable relocation benefits for moves within the United States or moves into the United States among peer organizations. It aimed to understand tax methodologies, benefit coverage, consistency, and reconciliation approaches to identify market norms and areas of opportunity.

The participating organizations represent a diverse range of industries, including Financial Services, Manufacturing, Pharmaceuticals, Technology, Transportation, Healthcare, Insurance, and Food & Beverage.

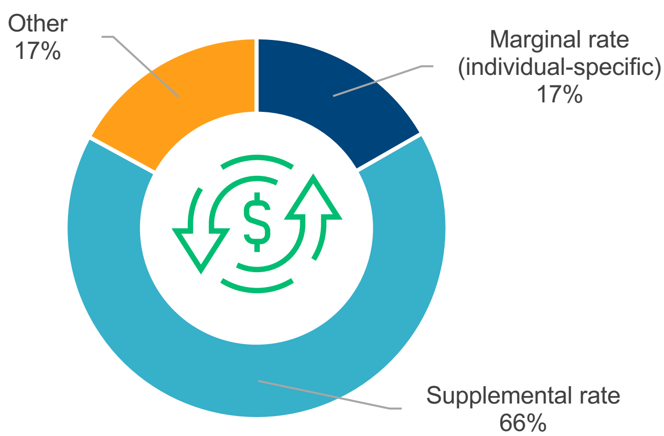
Relocation volume breakdown

Although annual relocation volume varies among organizations, there is an even split among the following categories.



Gross-up tax rate methodology

- The majority of companies (67%) use the supplemental rate for gross-ups, while 17% apply marginal tax rates. The remaining 17% rely on payroll-determined rates, which vary based on location or employee-specific factors.



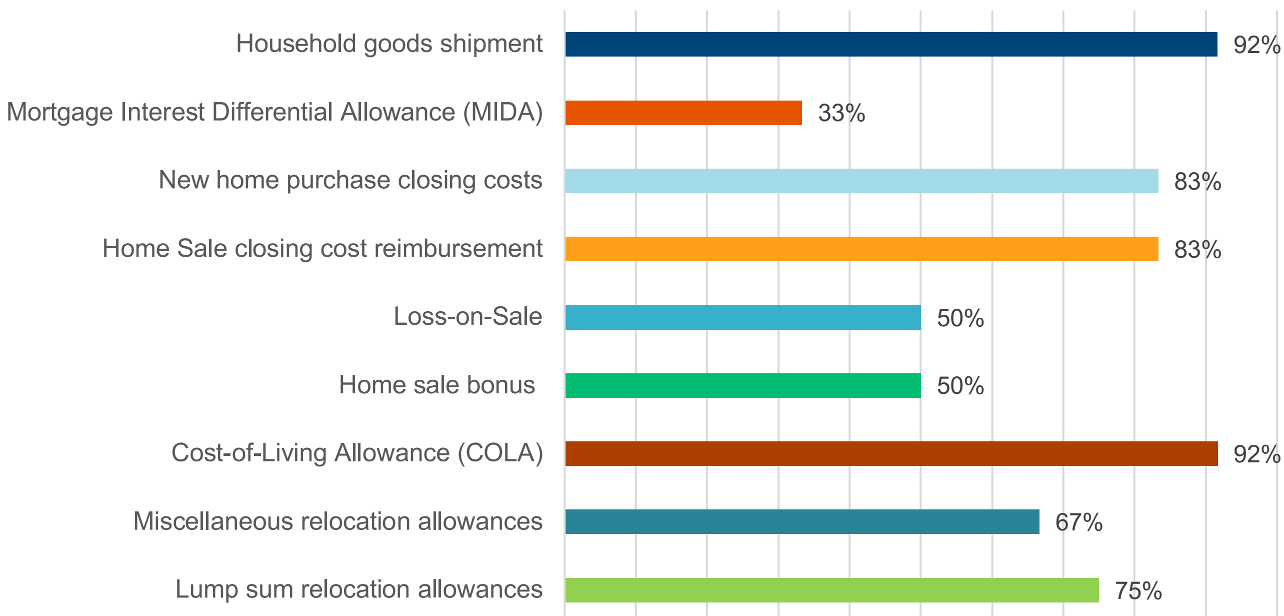
- 100% of companies gross up for FICA and Medicare taxes where applicable.

Gross-up practices

All participating companies reported a consistent gross-up process across their relocation policies.

The most frequently grossed-up benefits include:

- Lump sum relocation allowances
- Household goods shipment
- Home sale bonus / closing cost reimbursement
- New home purchase closing costs
- Cost-of-Living Allowance (COLA)
- Mortgage Interest Differential Allowance (MIDA)
- Miscellaneous relocation allowances



**Total do not equal 100% as respondents were allowed to select multiple answers*

Adjustments and reconciliation

- Most companies (73%) do not increase allowance amounts to avoid gross-up, maintaining a consistent approach. A few (18%) make adjustments in exceptional cases, while only 9% routinely use this method.
- Audit practices for gross-up payments vary, with 33% of companies conducting regular audits (e.g., via W-2 review), 17% not auditing at all, and the majority (50%) performing audits only in certain cases.