



UNITED STATES  
CIVILIAN BOARD OF CONTRACT APPEALS

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April 30, 2020

CBCA 6656-RELO

In the Matter of JOSHUA P. CLAUSER

Joshua P. Clauser, Spanish Fort, AL, Claimant.

Catharine Debelle, Office of Counsel, United States Army Corps of Engineers, Alexandria, VA, appearing for Department of the Army.

**VERGILIO**, Board Judge.

The temporary storage of household goods in transit constitutes a taxable event, such that the claimant is obligated to reimburse the Government for associated FICA and Medicare taxes paid on his behalf.

Joshua P. Clauser, a civilian employee of the United States Army Corps of Engineers, disputes a debt assessed by the Government in connection with his permanent change of station within the continental United States, with a report date in July 2019. Although the claim challenges a notice of debt collection, the Board resolves the underlying relocation dispute. *Michael A. Metje*, CBCA 6699-RELO (Apr. 29, 2020) (noting that the Board does not conduct debt hearings for the Corps).

The agency determined that the claimant is obligated for \$1153.89. This reflects the FICA and Medicare taxes it paid for the claimant in connection with the thirty-one days of temporary storage of household goods in transit, but which it was obligated to recoup under the Tax Cuts and Jobs Act of 2017, Public Law 115-97 (TCJA), the Federal Travel Regulation (FTR) (certain relocation expenses became taxable), and Department of the Treasury guidance.

In the past, temporary storage of household goods was non-taxable for an initial thirty days and taxable for additional days. The TCJA changed this, making the storage now taxable for the entire storage period. The agency properly seeks to recover the taxes.

The claimant points to no error in the assessment or calculation of the amount to be reimbursed. That the goods remained in storage for longer than the claimant anticipated because the shipper could not deliver them earlier does not alter the result under the tax law. The FICA and Medicare taxes associated with these relocation costs should have been deducted from his reimbursements. 84 Fed. Reg. 64,782, 64,783 (Nov. 25, 2019) ("Your agency must deduct withholding for FICA (Medicare and Social Security), as the WTA [Withholding Tax Allowance] does not cover such expenses." (to be codified at 41 CFR 302-17.24 note)); 41 CFR 302-7.9, -17.22(d) (2019).

The Board denies the claim. The claimant owes the Government \$1153.89.

*Joseph A. Vergilio*  
JOSEPH A. VERGILIO  
Board Judge