



The Comptroller General
of the United States

Washington, D.C. 20548

Percy - PLM

Decision

Matter of: Wayne M. Akers - Reimbursement for Increase in
Property Taxes

File: B-226322

Date: August 17, 1987

DIGEST

A transferred employee seeks reimbursement of property tax increase resulting from the loss of the homestead exemption on his residence at his old station during the period he and his family no longer occupied the residence and had moved to his new duty station. Federal Travel Regulations para. 2-6.2d(2)(c) provides that property taxes are nonreimbursable items of miscellaneous expense. The tax in question is, in fact, a property tax, and employee may not be reimbursed for property tax increase.

DECISION

This decision is in response to a request by Mr. W. D. Moorman, Authorized Certifying Officer, National Finance Center, U.S. Department of Agriculture, for a decision concerning a voucher submitted by Dr. Wayne M. Akers, an employee of the Food Safety and Inspection Service, U.S. Department of Agriculture. Dr. Akers requests reimbursement of a tax increase of \$364.66 which resulted from the loss of the homestead exemption on his residence at his old duty station. For the reasons hereafter stated, we conclude that the claim may not be paid.

BACKGROUND

Dr. Akers was transferred from Decatur, Alabama, to Richmond, California, in September 1983. When Dr. Akers relocated to California, his family remained in Decatur in order to sell their home. Dr. Akers was unable to sell his former residence from September 1983 to October 1984, and in October 1984, he moved his family to California and left the Decatur residence vacant. After being vacant for almost a year, the Decatur property was sold in August 1985. Dr. Akers was informed by local tax authorities that since

C39734

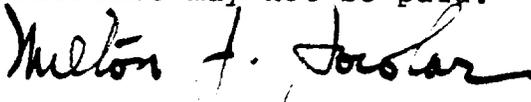
the property had not been occupied by him or his family during the period from October 1984 until August 1985, the property was not taxed on a homestead exemption basis. The loss of the homestead exemption resulted in a property tax increase of \$364.66. Dr. Akers contends that the tax increase is a tax penalty which he suffered as a result of his change of official station to Richmond, California, and he seeks reimbursement of the \$364.66.

OPINION

The statutory authority for reimbursement of real estate expenses incurred in connection with a federal employee's change of duty station is found in 5 U.S.C. § 5724a(a)(4) (1982). To be reimbursable as a real estate expense as provided by 5 U.S.C. § 5724a, the tax must be necessary to the completion of the real estate transaction itself. Guerry G. Notte, B-223374, February 17, 1987. Transfer taxes, brokerage fees or other realty transaction costs resulting directly from the transaction and necessary to its completion may be reimbursed. Notte, cited above. However property taxes are not incurred as a part of or necessary to the real estate transaction itself. The implementing regulation, para. 2-6.2d(2)(c) of the Federal Travel Regulations (FTR) (Supp. 4, Aug. 23, 1982), incorp. by ref., 41 C.F.R. § 101.7.003 (1986), provides that property taxes are not reimbursable as a miscellaneous real estate expense.

Dr. Akers contends that the \$364.66 was a tax penalty, but we conclude that it was a property tax on his former residence in Decatur, a tax which increased as a result of the loss of the homestead exemption. It is clear that under the applicable regulation, property taxes are nonreimbursable items of miscellaneous expense.

Accordingly, this claim for reimbursement of a property tax increase may not be paid.

for 
Comptroller General
of the United States