

William



The Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: Louis H. Schwartz - Claim for Real Estate Expenses
File: B-231485
Date: January 19, 1989

DIGEST

A transferred employee may not be reimbursed a tax service fee, messenger service fee, or discount points for the purchase of a new residence. Since the employee used a relocation service contractor for the sale of his old residence, he may not be reimbursed for legal fees for the sale of the former residence. Upon the production of proper documentation, the employee may be reimbursed for a structural inspection fee if it was a required service.

DECISION

This decision is in response to a request from an authorized certifying officer concerning the claim of Louis H. Schwartz, an employee of the Internal Revenue Service (IRS), Southwest Region. Mr. Schwartz seeks reimbursement of expenses disallowed by IRS which he claimed in connection with the sale of his residence at his old post of duty at Muskegon, Michigan, and the purchase of a home at his new post of duty at Odessa, Texas.

The IRS denied reimbursement for discount points, tax service fees, and messenger service fees incurred in connection with the purchase of a new residence and legal fees for the sale of the former residence. The agency indicated it would permit reimbursement of the structural inspection expense if Mr. Schwartz could provide documentation from the lender that such inspection was required.

Under the statutes and regulations governing relocation expenses for transferred employees^{1/}, we note that discount

^{1/} 5 U.S.C. § 5724a (1982); Federal Travel Regulations (Supp. 4, Aug. 23, 1982), incorp. by ref., 41 C.F.R. § 101-7.003 (1987).

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points are specifically listed as a nonreimbursable expense. Roger J. Salem, 63 Comp. Gen. 456 (1984).

With regard to the tax service fee Mr. Schwartz is claiming, we have held that such a fee is not reimbursable under Federal Travel Regulations (FTR), para. 2-6.2d(2), since a tax service charge is incident to the extension of credit and as such must be considered part of the nonreimbursable finance charge. Kenneth R. Pedde, B-223797, Apr. 20, 1987; George J. Wehrstedt, B-192851, May 11, 1979. Similarly, we have also held that a messenger service charge or fee is part of the lender's overhead, a charge which is deemed to be a finance charge and not reimbursable. Anibal L. Toboas, B-217474, July 19, 1985; Patrick T. Schulk, B-202243, July 6, 1983.

With regard to legal fees incurred for the sale of the old residence, the agency points out that Mr. Schwartz decided to use the services of a relocation company in the sale of his old residence. The agency argues that reimbursement of these legal expenses may not be allowed under the FTR, para. 2-12.5b (Supp. II, Aug. 27, 1984) which provides:

"Once an employee is offered, and decides to use, the services of a relocation company, reimbursement to the employee shall not be allowed for expenses authorized under Chapter 2, Parts 1 through 10, that are analogous or similar to expenses or the cost for services that the agency will pay for under the relocation service contract."

We concur with the agency's denial of this expense.

The last fee in dispute is that for structural and foundation inspection. We find the agency's request for documentation from the lender before reimbursing the fee to be in accord with the FTR, para. 2-6.2f, as well as our decisions. In Ronald M. Pearson, B-230402, Mar. 23, 1988, we held that an employee who purchased a new home as a result of a transfer and incurred such charges was not entitled to reimbursement where the inspection was for the benefit of the purchaser and was not the purchaser's obligation as a required service for the transfer of ownership customarily paid by purchasers in the geographic

vicinity. If Mr. Schwartz can document that the fee was such a required service he may be entitled to reimbursement.

for James A. Hawkins
Comptroller General
of the United States