

Employee Tuition Waiver Procedure

September 21, 2010

The value of employer provided assistance is excludible from an employee's gross income if it is provided under a Section 127 employer-provided educational assistance plan, qualifies as Section 132 working condition fringe benefit, or qualifies as a Section 117(d) qualified tuition reduction.

§ 127 Employer-Provided Educational Assistance Programs (EPEAP's).

Section 127 EPEAP's are separate written plans for employers that provide educational assistance for the exclusive benefit of their employees. The programs must meet certain non-discrimination requirements.

Educational assistance includes payments for, or the provision of any benefits with respect to, any graduate-level course of a kind normally taken by an individual pursuing a program leading to law, business, medical, or other advanced academic or professional degree.

Section 127 does not apply to spouses, dependents, or domestic partners of employees.

\$5,250 is the maximum annual amount.

Qualified educational assistance includes payments, waivers, and reimbursements for tuition, fees, and similar payments, books, supplies, and equipment. It does not include tools or supplies that the employee retains after completion of the course or the cost of meals, lodging, or transportation.

Education can be provided at any educational organization with a regular faculty, curriculum, and student body.

No employee will be given the choice to receive taxable compensation instead of educational assistance

The EPEAP cannot discriminate with respect to participation in favor of highly compensated employees.

§ 117(d) Qualified Tuition Reductions

Qualified Tuition Reductions are tuition waivers or reimbursements provided to employees of educational organizations, their spouses, or their dependent children for courses taken at an educational organization with a regular faculty, curriculum, and enrolled student body.

