

Employer-Provided Educational Assistance

If you receive educational assistance benefits from your employer under an educational assistance program, you can exclude up to \$5,250 of those benefits each year. This means your employer should not include the benefits with your wages, tips, and other compensation shown in box 1 of your Form W-2.

Educational Assistance Program

To qualify as an educational assistance program, the plan must be written and must meet certain other requirements. Your employer can tell you whether there is a qualified program where you work.

Educational Assistance Benefits

Tax-free educational assistance benefits include payments for tuition, fees and similar expenses, books, supplies, and equipment. The payments may be for either undergraduate- or graduate-level courses. The payments do not have to be for work-related courses. Educational assistance benefits do not include payments for the following items.

- Meals, lodging, or transportation.
- Tools or supplies (other than textbooks) that you can keep after completing the course of instruction.
- Courses involving sports, games, or hobbies unless they:
 - Have a reasonable relationship to the business of your employer, or
 - Are required as part of a degree program.

Benefits over \$5,250

If your employer pays more than \$5,250 for educational benefits for you during the year, you must generally pay tax on the amount over \$5,250. Your employer should include in your wages (Form W-2, box 1) the amount that you must include in income.

Working Condition Fringe Benefit

However, if the benefits over \$5,250 also qualify as a working condition fringe benefit, your employer does not have to include them in your wages. A working condition fringe benefit is a benefit which, had you paid for it, you could deduct as an employee business expense. For more information on working condition fringe benefits, see *Working Condition Benefits* in chapter 2 of Publication 15-B, Employer's Tax Guide to Fringe Benefits.