

CHECKLIST FOR TAXABILITY OF EDUCATIONAL ASSISTANCE REIMBURSEMENT

SECTION A: EMPLOYEE INFORMATION

Employee Name: _____
Employee PID: _____
Position Title: _____
Course Title: _____
Academic Term: _____

Federal law requires that certain employer-provided educational expenses be included in your gross income. Under the Internal Revenue Code, employer-paid tuition (through tuition waivers or educational assistance reimbursements) for courses for which you receive **academic credit** may be considered taxable income if you receive more than \$5,250 in assistance in a calendar year. If the course(s) maintain or improve skills needed in your present work, the educational assistance amount will **not** be considered taxable, even if you exceed \$5,250. However, if **any** of the course(s) taken in the calendar year are part of an advanced-degree program (graduate credit) that will qualify you for a new trade or profession (even if you do not plan on entering that trade or profession), the University must include the value of the course(s) that exceeds \$5,250 as part of your wages and withhold appropriate taxes from your wages. This checklist is provided to help the University determine whether it must withhold FICA and federal and state income taxes from the educational assistance it is providing to you for academic courses.

Any reimbursement request submit by an employee after 30 calendar days of completion of the course are considered an exception request to the policy, and if approved, will be considered as taxable income and are subject to the provisions of the OHR non-salary compensation policy.

SECTION B: TAXABILITY CHECKLIST

1. Will you receive graduate credit for this course?
 - NO The University will **not** be required to treat your benefit as taxable. Skip the following questions and go to Section C to complete this form.
 - YES Continue to the next question.
2. Do you need this course to meet the minimum educational requirements of your position, trade or business?
 - YES The University **will** be required to treat your benefit as taxable if you exceed \$5,250 in a calendar year. Skip the following questions and go to Section C to complete this form
 - NO Continue to the next question.
3. Is the course part of a program of study that would qualify you for a new trade or business? (Education that is part of a program of study that can qualify you for a new trade or business, such as those normally taken under a program leading to a law, business, medical, or other advanced academic or professional degree, is taxable. This is true even if you do not plan to enter that trade or business.)
 - Example:* You are an accountant. Your department prefers that you have a law degree in your position. At your own expense, you register at a law school for the regular curriculum that leads to a law degree. Even if you do not intend to become a lawyer, the education is taxable because the law degree will qualify you for a new trade or business.
 - Example:* While working as a psychiatrist, you enter a program to study and train at an accredited psychoanalytic institute. The program will lead to qualifying you to practice psychoanalysis. The psychoanalytic training does not qualify you for a new profession. It is non-taxable education because it maintains or improves skills required in your present position and line of work.
 - YES The University **will** be required to treat your benefit as taxable if you exceed \$5,250 in a calendar year. Skip the following questions and go to Section C to complete this form.

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NO Continue to the next question.

4. Does your supervisor, your department, or the law require you to take this course in order for you to keep your present salary, status, or job?

YES The University will **not** be required to treat your benefit as taxable.
Skip the following question and go to Section C to complete this form.

NO Continue to the next question.

5. Does the course help you to maintain or improve skills needed in your present position or line of work? These courses might include refresher courses, courses on current developments, and academic or vocational courses.

YES The University will **not** be required to treat your benefit as, provided you explain below how the course helps you in your current position (attach additional sheets if necessary). If the program is outside of your academic specialty, the description of courses is necessary in the tax determination. Go to Section C to complete this form.

NO The University **will** be required to treat your benefit as taxable if you exceed \$5,250 in a calendar year.
Go to Section C to complete this form.

SECTION C: EMPLOYEE CERTIFICATION AND SIGNATURE

By signing this form I acknowledge that I have answered the questions listed in good faith to the best of my ability. I understand that the University is not providing me with legal advice or tax advice.

Employee's Signature

Date

If the employee answered YES to question 4 and/or question 5, the employee's supervisor must sign below.

I verify that the responses provided on this form accurately represent the coursework to be taken and the employee's current work requirements.

Employee's Supervisor's Signature

Date

(continued)

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SECTION D: BENEFITS ADMINISTRATION APPROVAL

UNC Benefits Representative

Date

Mail form to: UNC Benefits, 104 Airport Drive, CB# 1045, UNC, Chapel Hill, NC, 27599-1045
OR Email form to: benefits@unc.edu

ADMINISTRATOR PROCESSING NOTE:

This form should only be used in the case of educational assistance reimbursement requests. If, based on the above questions, the University is not required to treat the reimbursement as taxable, please submit the reimbursement request through Accounts Payable and attach this form. Educational Assistance Reimbursements without this signed form will be returned to the originator.

If, based on the above questions, the University is required to treat the reimbursement as taxable, please submit the payment request via an "Tuition Reimbursement" lump sum ePAR, use 517160 as the account code, and submit a HELP Ticket to payroll so the taxable/non-taxable items can be reviewed. Expected ePAR documentation should include this checklist, reimbursement substation, courses covered, applicable offer or retention letters, etc.