Tuition Assistance over 5250.00

**Publication 15B Fringe Benefits** > Tuition Reduction page 10 and Working Conditions Benefit page 21

If you don't have an educational assistance plan, or **you provide an employee with assistance exceeding $5,250, you must include the value of these benefits as wages**, unless the benefits are working condition benefits. Working condition benefits may be excluded from wages. Property or a service provided is a working condition benefit to the extent that if the employee paid for it, the amount paid would have been allowable as a business or depreciation expense. See *Working Condition Benefits*, later in this section.

**Working Condition Benefits** This exclusion applies to property and services you provide to an employee so that the employee can perform his or her job. It applies to the extent the cost of the property

**Publication 15-B (2018) Page 21**

or services would be allowable as a business expense or depreciation expense deduction to the employee if he or she had paid for it. The employee must meet any substantiation requirements that apply to the deduction. Examples of working condition benefits include an employee's use of a company car for business, an employer-provided cell phone provided primarily for noncompensatory business purposes (discussed earlier), and job-related education provided to an employee. This exclusion also applies to a cash payment you provide for an employee's expenses for a specific or prearranged business activity if such expenses would otherwise be allowable as a business expense or depreciation expense deduction to the employee. You must require the employee to verify that the payment is actually used for those expenses and to return any unused part of the payment. The exclusion doesn't apply to the following items. A service or property provided under a flexible spending account in which you agree to provide the employee, over a time period, a certain level of unspecified noncash benefits with a predetermined cash value. A physical examination program you provide, even if mandatory. Any item to the extent the payment would be allowable as a deduction to the employee as an expense for a trade or business other than your trade or business. Employee. For this exclusion, treat the following individuals as employees. A current employee. A partner who performs services for a partnership. A director of your company. An independent contractor who performs services for you.

 **Education.** Certain job-related education you provide to an employee may qualify for exclusion as a working condition benefit. To qualify, the education must meet the same requirements that would apply for determining whether the employee could deduct the expenses had the employee paid the expenses. Degree programs as a whole don't necessarily qualify as a working condition benefit. Each course in the program must be evaluated individually for qualification as a working condition benefit. The education must meet at least one of the following tests. The education is required by the employer or by law for the employee to keep his or her present salary, status, or job. The required education must serve a bona fide business purpose of the employer. The education maintains or improves skills needed in the job. However, even if the education meets one or both of the above tests, it isn't qualifying education if it: Is needed to meet the minimum educational requirements of the employee's present trade or business, or is part of a program of study that will qualify the employee for a new trade or business.

Link to IRS website regarding tuition found [HERE](https://www.irs.gov/pub/irs-pdf/p5137.pdf).