

Taxable Education Assistance
Effective 4/1/2006

In accordance with IRS Publication 15-B, "Employer's Tax Guide to Fringe Benefits," **educational assistance provided to employees for courses which fall in the category of "personal growth" are taxable income to the employee.** Page 7 of the guide states: "Educational assistance means amounts you pay or incur for your employees' education expenses. These expenses generally include the cost of books, equipment, fees, supplies, and tuition. However, these expenses do not include the cost of a course or other education involving sports, games, or hobbies, unless the education:

- Has a reasonable relationship to your business, or
- Is required as part of a degree program."

According to page 2 of the guide, such a taxable fringe benefit "is subject to employment taxes and must be reported on Form W-2, Wage and Tax Statement"; therefore, **such reimbursements must be made through payroll.**

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