

# Tuition Remission Taxability for Graduate Courses

All faculty and staff taking graduate level courses must complete the Tuition Remission Taxability for Graduate Courses Form for each course as part of the registration process. Please see the instructions and information on possible tax implications below. Please do not hesitate to contact Human Resource Services at 802-656-3150 or [hrsinfo@uvm.edu](mailto:hrsinfo@uvm.edu) with questions.

## Section 1: Instructions

- 1. Complete requested employee and course information and Section 1 by indicating if the graduate level course will be applied toward an undergraduate degree.**
  - If the graduate level course will be applied to a bachelor degree program, indicate “yes”, sign the form, and return to [hrsinfo@uvm.edu](mailto:hrsinfo@uvm.edu). No supervisor signature is required. Tuition remission benefits received for courses applied towards a bachelor degree program are not considered taxable income.
  - If the course will not be applied to a bachelor degree program, indicate “No” and proceed to Section 2.
- 2. Complete Section 2 by answering both questions.**
  - If “Yes” is indicated for either question in Section 2, the tuition remission benefit for that course will be considered taxable income if you have exceeded the annual graduate tuition remission exempt amount established by the IRS. Sign the form and send it to [hrsinfo@uvm.edu](mailto:hrsinfo@uvm.edu). No supervisor signature is required.
  - If “No” is indicated for **BOTH** questions in Section 2, proceed to Section 3.
- 3. Complete Section 3 by answering all questions.**
  - If “Yes” is indicated for any question in Section 3, then the tuition remission benefit received for that course is not considered taxable income. Both employee and supervisor need to sign the form and send it to [hrsinfo@uvm.edu](mailto:hrsinfo@uvm.edu).
  - If “No” is indicated for **ALL** questions in Section 3, the tuition remission benefit for that course will be considered taxable income if you have exceeded the annual graduate tuition remission exempt amount established by the IRS. Both employee and supervisor should sign the form and send it to [hrsinfo@uvm.edu](mailto:hrsinfo@uvm.edu).

## Section 2: Important Tax Information for Employees Regarding Graduate Courses

The tuition remission benefit for graduate courses will be included in your income, and appropriate tax withholding will occur, unless the cost of these courses would be deductible to you as a taxpayer as ordinary and necessary business expenses—assuming you had paid directly for such courses with your own funds. Courses applied toward an undergraduate degree are excludable from income and therefore are not subject to tax withholdings under Internal Revenue Code (IRC) Section 117[d].

Educational expenses may be considered “ordinary and necessary”, as set forth in IRC Section 162, only if the education:

- Maintains or improves skills required by you in your current employment,

### **OR**

- Meets the express requirements of your employer, or the requirements of applicable law or regulation, imposed as a condition to the retention of an established employment relationship, status, or rate of compensation,

### **AND**

- Is not part of a program that qualifies you for a new profession or business, or is not necessary to meet minimum educational requirements for qualification for employment.

If these conditions are met for the graduate course you are taking, the tuition remission benefit you receive will be excluded from your income as a “working condition” fringe benefit under IRC Section 132 (a)(3).

If these conditions are not met for the graduate course you are taking, the tuition remission benefit you receive will be included in income and subject to social security tax withholding, as well as Federal and State income tax withholding, if in excess of the annual graduate tuition remission exemption established by the IRS.

# Tuition Remission Taxability for Graduate Courses Form

(A separate form must be completed for each graduate-level course.)

Name		Social Security Number	
Job Title		Department	
Course Title		Course Number	
Year		Major	
Term	<input type="checkbox"/> Spring <input type="checkbox"/> Summer <input type="checkbox"/> Fall	Credit Hours	

Degree Type: Undergraduate Graduate

## Section I. (To be completed by ALL employees.)

Will the credits for this graduate-level course be applied toward an undergraduate degree? Yes No

Note: If your response is "Yes," skip to Section IV. (Your tuition remission benefit for this course is excludable from income under IRC Section 117[d] and therefore IS NOT subject to tax withholding or assessed against the annual graduate tuition remission exemption established by the IRS.)

## Section II. (You must complete this section if your response to Section 1 is "No.")

1. Is this course part of a program that qualifies you for a new profession or business? Yes No

2. Is this course necessary to meet minimum educational requirements for employment? Yes No

Note: If your response is "No" to Questions 1 and 2, complete Section III.

If your response is "Yes" to either Question 1 or 2, skip to Section IV. This tuition remission benefit is includable in income and therefore IS SUBJECT to tax withholding if you've exceeded the annual graduate tuition remission exemption amount established by the IRS.

## Section III. (You must complete this section if your response to Questions 1 and 2 is "No.")

3. Will this course maintain or improve skills required by you in your current employment at UVM? Yes No

4. Does this course meet the express requirements of your manager imposed as a condition to retain your established employment relationship, status or rate of compensation at UVM? Yes No

5. Does this course meet the express requirements of a law or regulation imposed as a condition to retain your established employment relationship, status or rate of compensation at UVM? Yes No

Note: If your response is "Yes" to Questions 3, 4 or 5, have your supervisor sign below. (Having answered "No" to Questions 1 and 2, and "Yes" to Questions 3, 4 or 5, your tuition remission benefit is excludable from income and therefore IS NOT subject to withholding as set forth in IRC Sections 162 and 132[a][3] and will not be assessed against the annual graduate tuition remission exemption established by the IRS.)

I am the above-named employee's immediate supervisor. I have read and understand the "Important Tax Information for Employees Regarding Graduate Courses" on the reverse of this form, and I hereby certify that to the best of my knowledge the information supplied is correct.

Supervisor's Signature: \_\_\_\_\_ Date: \_\_\_/\_\_\_/\_\_\_\_\_

## Section IV. (To be completed by ALL employees.)

I have read and understand the "Important Tax Information for Employees Regarding Graduate Courses" on the reverse of this form, and I hereby certify that to the best of my knowledge the information supplied is correct.

Employee's Signature: \_\_\_\_\_ Date: \_\_\_/\_\_\_/\_\_\_\_\_

## To be completed by Human Resource Services:

Determination: Taxable \_\_\_ Non-Taxable \_\_\_

Processed by: \_\_\_\_\_ Date: \_\_\_/\_\_\_/\_\_\_\_\_

Verified by: \_\_\_\_\_ Date: \_\_\_/\_\_\_/\_\_\_\_\_