



HUMAN RESOURCES  
MANAGEMENT

## Fee Waiver Update

Effective with the 2019 tax year, all graduate/doctorate level courses taken by employees exceeding the \$5,250 threshold will be taxable and withheld from the employee's pay warrant. Graduate courses deemed job related, pursuant to Internal Revenue Code Section 132(d), will no longer be excludable from W-2 wages. Campuses will no longer be responsible for determining the taxability of employee fee waiver benefits under Internal Revenue Code §132(d); working condition fringe benefits. Employees may consult a personal tax advisor to determine if courses taken are job related and include the deduction on their personal tax return.

### Details

- Employees, in consultation with a personal income tax advisor, can evaluate whether the exception applies and if applicable, claim the deduction on an individual income tax return.
- Undergraduate fees for employees will remain nontaxable pursuant to IRC § 117(d).
- Graduate/Doctorate fees for employees will also remain nontaxable if expenses do not exceed \$5,250 (in a calendar year)

### Taxable and Non-Taxable

Generally, undergraduate fees for employees are nontaxable. Graduate/Doctorate fees for employees are nontaxable if expenses do not exceed \$5,250 (in a calendar year) pursuant to IRC 117(d) and 127.

The table below summarizes taxable and non-taxable courses.

Eligible Participant	Course Level	Tax Status
Employee	Undergraduate	Nontaxable
	Graduate	Nontaxable up to \$5,250
Employee's Spouse or Dependent Child	Undergraduate	Nontaxable
	Graduate	Taxable