Employee Tax Certification  
University Corporation for Atmospheric Research  
Education Assistance Program

Part 1 Background

Federal law requires that certain employer-provided education expenses be included in the employee’s gross income. Specifically, the Internal Revenue Code requires that employer provided tuition assistance over $5,250 is generally considered taxable income to the employee, when it is for non-job related education. In order for the education assistance to be a non-taxable benefit to the employee, the education must NOT qualify the employee for a new trade or business, whether or not the employee intends to practice the new trade or business. If the course(s) maintain or improve skills needed in the employee’s present work, the education assistance will NOT be considered taxable, even if it exceeds $5,250.

The IRS looks at education that prepares an employee for an increase in job duties differently from education that prepares an employee for an entirely different type of job, business or trade. The former is not taxable to the employee, the latter is. For example, courses taken by an accounts receivable administrator studying to obtain an accounting degree so (s)he can be promoted to an elevated position would be job-related. However, courses preparing the same individual to become a teacher or scientist would not be job related. The education must be related to the employee’s current vocation.

Part 2 Employee Taxability Checklist

A. Check any of the following that apply:

1. ____ The education that I am taking maintains/improves the skills required in my current position.

2. ____ The education that I am taking is required by my supervisor/department in order to keep my current position/job.

If neither 1 nor 2 in Part A are checked, then skip Part B, and the cost of your education in a calendar year in excess of $5,250 will be taxable to you.

B. If you check one or both in Part A above, the cost of your education in a calendar year in excess of $5,250 will not be taxable to you, if you also meet the following two requirements:

1. ____ The education is not required to meet the minimum requirements of my current position.

AND

2. ____ The education is not part of a program of study that will qualify me for a new trade or business.
If you (employee) have checked both in Part B above, then your education assistance benefit, even if it exceeds $5,250 in a calendar year, is NOT taxable. If you are unsure of how to answer these questions, you should seek assistance from UCAR Benefits. Since tax laws are subject to change and withholdings may vary accordingly, you should consult your personal tax advisor with questions regarding the taxability of your education assistance benefit provided by UCAR.

Part 3 Employee Certification

By signing this form, I certify that I have answered the questions set forth above in good faith and to the best of my ability. I understand and acknowledge that UCAR is not providing me with legal or tax advice. I fully realize that I am ultimately responsible for my own personal taxes and, accordingly, I agree to retain course description materials to document this certification and will take full tax responsibility if the UCAR provided education assistance benefit is deemed to be taxable by the Internal Revenue Service.

__________________________    ____________
Employee Printed Name     Employee ID#

_____________________________   ____________
Employee Signature      Date

Part 4 Human Resources Approval

UCAR has reviewed the employee’s application form and certification, and accordingly

____ will not withhold

____ will withhold

federal, state and FICA taxes for the value of the education assistance benefit provided for this employee exceeding $5,250 per calendar year.

____________________________   _____________
Human Resources Manager    Date

Return completed Employee Tax Certification form with the completed Degree Program or Individual Course Application form to Human Resources.