



cutting through complexity

4th Annual Higher Education Taxation Institute

Taxation of Common Higher Education Fringe Benefits

June 6, 2016

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2

Areas of Focus

- Tuition remission
- Spousal travel
- Travel expenses
- Tickets to events
- Local overnight accommodations
- Coach's buyout clause



Tuition Remission

- Employees of ABC University are eligible for undergraduate tuition remission
- Graduate tuition remission was provided without reporting or withholding

Issue: On what basis would graduate tuition be excludible from an employee's income?



Tuition Remission

- IRC section 117(d) undergraduate tuition and other educational assistance excluded from taxation
- IRC section 127 employee educational assistance
 - Must be a written plan
 - Benefits must be solely for educational assistance
 - Spouses and other family members are not eligible
 - Must be non-discriminatory
 - Does not cover tools; meals, lodging, or transportation; or education covering sports, games, or hobbies unless such education involves the business of the employer or is required for a degree program
 - Notification of eligibility must be made to all eligible employees
 - Maximum exclusion of \$5,250 annually
- IRC section 132 working condition fringes related to employer related training



Spousal Travel

- Athletic Director serves on a number of committees and organizations as part of his role at ABC University
- Also, he is required to attend various NCAA events including, but not limited to the NCAA Basketball Tournament
- His wife accompanies him to various NCAA events he attends.
- “Its in my contract” for family to attend away games
- There may be a few spouse-specific events during these trips
- ABC University pays for airfare, lodging, and meal expenses associated with these trips

Issue: Is reimbursement of the expenses related to the Athletic Director’s wife traveling with her husband to events includible in taxable income?



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First appeared as part of the conference materials for the
4th Annual Higher Education Taxation Institute session
"Taxation of Common Higher Education Fringe Benefits"