



Office of the State Comptroller  
**PAYROLL BULLETIN**

Subject  Payments to Employees for Educational Expenses - Year-End Reporting	Bulletin No.  P637/A225
	Date 12/18/89

Please read and respond to this bulletin immediately in order for the State to comply with year-end IRS reporting requirements.

INTRODUCTION

Under IRS regulations, employer-paid educational expenses are taxable under the following conditions, whether payments are made to the employee or to an educational institution on behalf of the employee.

1. If total payments to an employee taking undergraduate courses exceed \$5,250 in a calendar year, the excess over \$5,250 is taxable.
2. If payments to an employee are for graduate courses, the payments are fully taxable unless the courses are job-related.

NOTE: A course must meet one of the following criteria to be approved as job-related:

1. It is specifically required by New York State law or regulation to maintain salary, status or job; or
2. It directly supports or improves skills required for current job responsibilities.

In order to report to IRS taxable payments made during 1989, OSC will use information from two sources. First, the Governor's Office of Employee Relations will provide OSC with information on payments made through GOER's Tuition Reimbursement Program. However, since the GOER program applies only to some payments to Management Confidential, CSEA and PST employees, agencies must provide supplemental information to OSC on the attached forms.

FORMS

PREPARATION

Prepare the attached Detail and Transmittal forms as follows:

- o Detail Form

Complete a line on the Detail form for each employee who received payments in 1989 for:



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- One or more graduate courses (excluding payments made through GOER); or
- Undergraduate courses totaling more than \$5,250, whether paid by GOER or your agency.

Enter the number of and the total payments for undergraduate courses in the 'Job-Related' columns. Enter this information for graduate courses in the 'Job-Related' and/or 'Non-Job-Related' columns, based on the preceding definition of job-related.

If an employee received payments for both undergraduate and graduate courses, use two lines.

- o **Transmittal Form** A Transmittal must be completed and sent to OSC. If no Detail forms are required, fill in the upper portion of the Transmittal indicating 'zero' pages attached and complete the certification at the bottom of the form.

When completing the Transmittal form include the names of those employees, listed on the Detail forms, with whom your agency has agreed to pay some or all educational costs leading to a graduate degree.

**FORMS**  
**TRANSMISSION**

Completed forms must be received by OSC on or before January 15, 1990. Send forms to the following address:

Office of the State Comptroller  
Accounting Systems  
AESOB 4th Floor  
Albany, NY 12236

**1990**  
**REPORTING**

In anticipation of similar IRS reporting requirements for next year, retain pertinent information on payments made in 1990 for employee educational expenses.

Direct questions on this bulletin to the Accounting Information Center, (518) 473-1170.

12/89

OFFICE OF THE STATE COMPTROLLER  
State Payments of Employee Education Expenses  
TRANSMITTAL

Agency Name \_\_\_\_\_

Preparer's Name \_\_\_\_\_ Telephone # ( ) \_\_\_\_\_

Preparer's Title \_\_\_\_\_ Number of Pages Attached \_\_\_\_\_

Enter below the names of employees for whom your agency has agreed to pay educational costs leading to a graduate degree.

<u>Employee Name</u>	<u>Graduate Degree Program</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

I certify that the information provided on this and attached sheets is accurate and complete to the best of my knowledge.

\_\_\_\_\_  
Preparer's Signature

\_\_\_\_\_  
Date

