



Office of the State Comptroller
PAYROLL BULLETIN

Subject Reinstatement of Tax Provision for Educational Assistance	Bulletin No. P-787
	Date October 26, 1993

The Omnibus Budget Reconciliation Act of 1993 (OBRA '93) has extended, retroactive to July 1, 1992, the Federal tax provision which exempted from taxes up to \$5,250 of non-job-related educational assistance.

Since the most recent extension of the income exclusion before OBRA '93, had expired on June 30, 1992, payments made to employees on or after July 1, 1992 for all non-job-related undergraduate or graduate level courses were included in the employee's 1992 W-2, for Wages, Social Security and Medicare Wage and Tax. Social Security and Medicare tax adjustments were withheld for these payments in the employees paychecks in January 1993. Federal, State and Local taxes were not withheld or reported.

In December 1993, the Office of the State Comptroller will automatically issue refund checks to employees who had Social Security and Medicare taxes withheld for the Educational Assistance payments. Form W-2c, Statement of Corrected Income and Tax Amounts, will also be issued reflecting the decrease in Wages, Social Security Wages, Social Security Tax withheld, Medicare Wages and Medicare Tax withheld.

Employees may also be entitled to a refund of Federal and State Taxes. Income tax refund instructions will be sent to Payroll Offices to be distributed to the employees with the refund checks.