



Office of the State Comptroller  
**PAYROLL BULLETIN**

Subject  Reporting of Taxable Education Assistance Payments Made in 1993	Bulletin No. P-792
	Date November 18, 1993

This Bulletin contains instructions for determining and reporting the taxable portion of employer-paid educational assistance for 1993.

The regulations for determining taxability of educational assistance payments are explained below. The rules apply whether payments are made to the employee or to an educational institution on behalf of the employee.

Determination of Taxable Educational Assistance Payments

Educational Assistance Payments are taxable only to the extent that the total payments to an employee taking non-job related undergraduate or graduate level courses exceed \$5,250. The amount above \$5,250 is taxable.

The following conditions are still in effect for the tax exclusion for all of 1993.

1. Payments for job-related courses at any level will remain tax free as a working condition fringe benefit.

A course must meet one of the following criteria to be considered job related.

- (i) It is specifically required by New York State law or regulation to maintain salary, status or job; or
- (ii) It directly supports or improves skills required for current job responsibilities.

2. Tuition assistance given to employees of educational institutions for education below the graduate level is excludable from gross income without dollar limitation. This exclusion applies whether the recipient attends the employing educational institution or another school.
3. Graduate students employed as teaching and research assistants are entitled to the income exclusion for tuition assistance, even though they are studying at the graduate level.

Agency Reporting

In order for OSC to receive and process this information accurately on the employee's W-2 do not submit any vouchers with taxable Tuition Reimbursements in December. If they cannot be paid by November 30, 1993 do not schedule them for payment by the CAS until January 1994.

The taxable amounts for 1993 should be reported as soon as possible but no later than Institution Period 18-Lag and Administration Period 19-Lag and 20-Current as described below.

### 1. Active Employees

A PR-75 must be completed to enter the amount of taxable Educational Assistance into the employee record to take required taxes and for reporting on W-2's.

Transaction code EDUC ASST is used for reporting the information for active employees.

Transaction Code: EDUC ASST

Group 3  
Class B

Block Requirements: 01 thru 06 and the following:  
07 Transaction Code - EDUC ASST  
49 Misc. Block A - Taxable Amount

Do not include the Educational Assistance amount in the Gross (Add). It is not an amount to be paid, but only reported as gross income. The Educational Assistance amount must be in the Miscellaneous Blocks; do not report it in Remarks.

In processing, the taxable amount will be added to the Biweekly Gross prior to the calculation of Federal, State, City and Social Security/Medicare tax and the tax will be computed on the full amount, if the employee has not paid the maximum tax.

The amount will be shown on the check stub in the ADDT'L SAL INFO block with the code EDA and will be included in the YTD GROSS. It will also appear on the salary register and in the YTD GROSS and in the YTD EDUC ASST on the summary.

### 2. Inactive Employees

Do not submit PR-75's. Prepare a letter including the line number, name, SS#, and taxable amount for each employee and submit the letter with your payroll for the period.

If additions or adjustments must be made for 1993 after the payroll period listed above, do not submit PR-75's. Contact Bob Phelan of the Payroll Deduction Section at (518) 473-1989. These adjustments must be received and processed by this Office prior to the production of 1993 W-2's in January, or you will have to prepare amended W-2's.

Please notify all affected employees of this action.