Instructions for Application for
Exclusion of Education Benefits as Working Condition Fringe
August 23, 2018

Section 132(d) of the Internal Revenue Code provides an income exclusion for the value of certain education benefits provided by an employer to an employee. To qualify for this working condition fringe benefit exclusion, each course must meet specific requirements including having a business connection to the employee’s current job. This exclusion might be available when:

1. An employee uses the Regents Scholarship Program for graduate level courses with a value in excess of $5,250 that would normally be included in taxable income, or
2. An employee takes a course at a non-University of Minnesota system education institution and the University is reimbursing the employee for the cost.

To request a review of whether a course qualifies for the working condition fringe benefit exclusion, the Application for Exclusion of Tuition Benefits as Working Condition Fringe must be submitted to the Tax Management Office by the employee’s Supervisor/Manager. A separate application is required for each course. The application must be submitted to the Tax Management Office by the billing due date for the course. Applications submitted after that date will not be considered for the exclusion. An exception to this time frame may be allowed when the $5,250 limit is not exceeded until the fall semester, but the employee took a spring semester class during the same calendar year that would qualify for the exclusion if the application had been timely filed. In this case, the application for the spring semester course will be due by the fall term’s billing due date.

Due to the risk of abuse, all signatures on the form will be required. The Human Resources Lead signature indicates the HR Lead discussed with the employee’s Supervisor/Manager the answers to the questions on the application and the relationship between the course listed on the application and the employee’s job responsibilities. If answers are not accurate, the employee and department will be liable for any assessments in the event of an Internal Revenue Service (IRS) audit. Additionally, if the exclusion is applied and the University subsequently finds that misrepresentations were made, the exclusion will be reversed, the Department will be charged applicable tax, and corrected W-2s will be issued to the employee and the IRS as needed. This could require an employee to file amended tax returns for the affected years.

Please see the Regents Scholarship Program Policy regarding requirements of the Regents Scholarship Program. Also see Tax Implications of Regents Scholarship Program for related information. Attach copy of Request for Regents Scholarship to this application when applicable.
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Complete this application to apply for an income exclusion for the value of education benefits as a working condition fringe benefit pursuant to Internal Revenue Code § 132(d). The Tax Management Office will review this documentation to determine whether the employee’s education benefit qualifies for the income tax exclusion. The employee, the employee’s supervisor/manager and the Human Resources Lead for the employee’s department must sign the application. Please submit the application to the Tax Management Office at taxhelp@umn.edu.

Employee Information
Employee Name ___________________________ Employee ID Number ________________
Campus Phone #_________________________ Email __________________________________________
Job Title/Description _______________________ Department ______________________

Course Information
Course Name and # ___________________________ Semester/Term/Year __________
How course relates to job_________________________________________________________________

Please answer the following questions:
1. Will the course maintain or improve skills required in performing the employee’s current position?
   Yes _____ No _____
2. Is the course required by the University, or by law, as a condition of continued employment in the current position?
   Yes _____ No _____
3. Is the course needed to meet the minimum educational requirements of the employee’s current position?
   Yes _____ No _____
4. Is the course part of a program of study that can qualify the employee for a promotion or a transfer to a different type of work, or a new trade or profession?
   Yes _____ No _____

Each person signing this application certifies that the person has read the instructions, the answers above are accurate and understands the employee and department are liable for any taxes, and/or assessed penalties, if taxes are not withheld based on the answers above and the answers are later found to be incorrect.

____________________________________________________      ____________
Employee’s Signature                                                                           Date

____________________________________________________      ____________
Supervisor’s/Manager’s Signature                                                                 Date

Supervisor’s Phone # and Email                     HR Lead’s Signature and Phone #