

**Instructions for Application for
Exclusion of Education Benefits as Working Condition Fringe
August 17, 2020**

Section 132(d) of the Internal Revenue Code provides an income exclusion for the value of some 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 valued at more than \$5,250 per calendar year, the excess of which 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 Education Benefits as Working Condition Fringe* form must be submitted to the Tax Management Office at taxhelp@umn.edu by the employee's supervisor/manager. A separate application is required for each course.

Please make every effort to submit the application to the Tax Management Office by the billing due date for the course. Applications submitted and approved after that date often create extra work for Payroll Services to recalculate and reverse income that was added related to the courses. Late submissions cannot be considered once the last pay period for the calendar year has closed.

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 current 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 corresponding years.

Question 4 often causes some confusion. If the course prepares the employee for a promotion within the **same** trade or profession, answer the question "No". When the program of study leads to new skills different from the individual's present employment and prepares the employee for a **new** trade or profession, such as attending law school by an employee working in a profession other than law, answer the question "Yes".

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.

Application for Exclusion of Education Benefits as Working Condition Fringe

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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 document 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. The **employee's supervisor/manager** should submit the application to taxhelp@umn.edu.

Employee Information	
Employee Name _____	Employee ID Number _____
Campus Phone # _____	Email _____
Job Title/Description _____	Department _____

Course Information
Course # and Name _____
Semester/Term and Year _____
Describe how this course relates to your current job duties: _____

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 will qualify the employee for a *new* trade or profession?
(See additional guidance in instructions.)
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/Manager	HR Lead
Signature: _____	Signature: _____
Printed Name: _____	Printed Name: _____
Phone: _____	Phone: _____
Email: _____	Email: _____

This form is fillable. Please ensure you have the current version by getting it from the tax.umn.edu website each time you submit the form.