

**Utah State University
Application for Tuition Reduction**

Tuition must be paid in full (including any credits that may be applied) on or before the last day of the third week in the applicable semester. Completed applications for reduced tuition must be received no later than two days before the Add/Drop date of the semester in order to allow timely processing. Incomplete applications will delay processing and may result in classes being dropped.

APPLICANT

Applicant is:

- | | | |
|-----------------------------------|------------------------------------------|-------------------------------|
| <input type="checkbox"/> Employee | <input type="checkbox"/> Eligible Spouse | |
| <input type="checkbox"/> Retiree | <input type="checkbox"/> Eligible Child | Date of birth of child: _____ |
- (see page 2 for definition and rules)**

This Application is for: (You must submit a separate application each semester)

- | | | | |
|------------------------------------------------|-----------|---------------------------------|---------------|
| <input type="checkbox"/> Undergraduate Courses | Semester: | <input type="checkbox"/> Spring | Year: 20_____ |
| <input type="checkbox"/> Graduate Courses | | <input type="checkbox"/> Summer | |
| | | <input type="checkbox"/> Fall | |

If you are applying for reduced tuition for **graduate** courses:

- Are you employed by the University as a teaching or research assistant? Yes No
- Do any classes involve sports, games, or hobbies? Yes No
- If the class involves sports, games, or hobbies, is the class related to your current job or required for your degree? Yes No

Applicant Name: _____ A# _____ Email Address: _____

Daytime Phone# _____ Street Address: _____ City: _____

State: _____ Zip: _____ Department (if applicable): _____

I hereby apply for reduction of tuition. I certify that I am eligible for this benefit as set forth in University policy 350 and as indicated on this application. In the event I am found to be ineligible for this benefit, I agree to pay the University the full amount of the tuition and fees applicable to classes taken under provisions of University policy 350. I understand that some graduate-level classes may be taxable and that such taxes will be charged to the eligible employee applying for this benefit.

(Signature of Applicant)

(Date)

ELIGIBLE EMPLOYEE

(If student is an eligible employee, complete both sections)

Tuition reduction benefits for graduate courses are taxable as wages to the eligible employee unless the child is a teaching or research assistant at the University.

Name: _____ A# _____ Email Address: _____

Department _____ Daytime Phone# _____ Street Address: _____

City: _____ State: _____ Zip: _____

What campus do you work on? Logan RCDE USU Eastern Price USU Eastern San Juan

I hereby certify the above information is true and the applicant is my spouse/unmarried child under age 26, and is entitled to the tuition benefits of the University. If eligibility cannot be determined through normal University procedures, I also understand I may be requested to provide proof of eligibility. In the event the applicant is found to be ineligible for this benefit, I agree to pay the University the full amount of tuition and fees applicable to his/her registration for the semester indicated above. I understand that if I knowingly file a request for an individual who does not qualify as an eligible or otherwise containing any misrepresentation or any false, incomplete, or misleading information I may be subject to adverse employment action up to and including termination.

(Signature of Employee)

(Date)

Per University policy 350, courses taken by employees may not interfere with the operation of the employee's department, and the employee must have the permission of his or her supervisor or department head. Regular hours of work missed by non-exempt employees for class attendance must be made up during the same week in which they are missed.

(Signature of Supervisor/Department Head)

(Date)

ELIGIBILITY AND REDUCED TUITION BENEFIT RULES AND TAX LAWS

Current Eligible Employee: Full-time faculty and staff are eligible for tuition reduction after three months of full-time (.75 FTE or greater) employment with the University.

- ◆ Undergraduate Courses: One-half of the applicable resident or non-resident rate. All undergraduate tuition reduction benefits are a tax-free benefit.
- ◆ Graduate Courses: One-half of the applicable resident or non-resident rate. A tax-free benefit is provided up to a maximum value of \$5,250 per year. Tuition benefits in excess of the \$5,250 value are a taxable benefit **to the eligible employee**.
Exception: educational expenses that maintain or improve skills related to the job the employee is currently in will receive the tuition reduction as a tax free benefit without a dollar maximum as long as it is not education that qualifies the employee for a different job. (Ex: works as an accounting assistant and getting graduate degree in Biology.) Tuition reduction benefits for graduate courses are taxable as wages if the courses involve sports, games or hobbies and are neither job-related nor required for a degree.

Spouse of Eligible Employee: Spouses of current employees are eligible for tuition reduction immediately.

- ◆ Undergraduate Courses: One-half of the applicable resident or non-resident rate. All tuition reduction benefits for undergraduate courses are a tax free benefit.
- ◆ Graduate Courses: One-half of the applicable resident or non-resident rate. All tuition reduction benefits for graduate courses are taxable as wages **to the eligible employee** unless the spouse is a teaching or research assistant for the University.

Children of Eligible Employee: Unmarried, children under the age of 26 of current employees are eligible for tuition reduction after the employee has completed two consecutive years of full-time employment with the University.

- ◆ Undergraduate Courses: One-half of the applicable resident or non-resident rate. **All tuition reduction benefits for undergraduate courses are a tax free benefit for children age 23 who are claimed as dependents for federal tax purposes. All tuition reduction benefits for children age 24 or 25, or for those children who cannot be claimed as a dependent for federal tax purposes are taxable as wages to the eligible employee.**
- ◆ Graduate Courses: One-half of the applicable resident or non-resident rate. All tuition reduction benefits for graduate courses are taxable as wages **to the eligible employee** unless the child is a teaching or research assistant for the University.

Retired Employee: Retired faculty and staff, their spouses and unmarried, children under the age of 26 are eligible for tuition reduction.

- One-half the applicable resident or non-resident rate. Graduate tuition benefits are taxable for spouses and children.

Surviving Spouse/Children of Deceased Employee: The spouse and unmarried, children under the age of 26 of deceased employees are eligible for tuition reduction if they were eligible when the employee died.

- ◆ One-half the applicable resident or non-resident rate. Graduate tuition benefits are taxable for spouses and children.

RULES:

1. Eligibility requirements must be met by the final add/drop date in the applicable semester in which classes are to be taken.
 2. Reduction applies to student fees, but does not apply to children fees, special fees, books, or correspondence study courses.
 3. There is no limit on the number of credit hours per semester for spouses and children. See Policy 350 for employee limits.
- If an employee is also a spouse or unmarried child of an employee, tuition benefits are available in one or the other capacity.

NOTE: The Internal Revenue Code (IRC) provides three sets of rules that may be used to determine whether a tuition benefit is taxable. **If any** of the three provisions applies, the tuition will be a tax-free benefit

IRC Section 127 (Educational Assistance Programs). The Utah State University Employee Educational Assistance Program qualifies as an Educational Assistance Program. Section 127 applies to employees only. The maximum amount that may be excluded under Section 127 in any year is \$5,250. The Section 127 exclusion applies generally to undergraduate and graduate tuition benefits except for classes involving sports, games, or hobbies which are neither job-related nor required for a degree.

IRC Section 117(d) (Qualified Tuition Reduction Programs). Tuition benefits provided to employees, spouses and dependents may be excluded from taxable income. The Section 117(d) rules are less restrictive than those under Section 127 in that there is no dollar limit on the amount that may be excluded. However, under Section 117(d), graduate level courses are not excludable (unless the student is working as a teaching or research assistant for the University.)

IRC Regulation Section 1.132-1(f) "Fringe Benefit" rules. The IRS fringe benefit rules provide that tuition can be a tax-free benefit if the education "maintains or improves job skills." Under these rules, the exclusion does not apply if the course is required to meet the minimum educational requirements of your job or if it qualifies you for a new occupation. Finally, under the fringe benefit rules, the exclusion will not apply to tuition benefits provided to your spouse or dependents.

The University complies with federal and state tax regulations governing any applicable taxability, tax reporting and/or withholding of taxes on the University's reduced tuition and educational assistance programs. **The value of any taxable tuition benefits will be added to your taxable income and be subject to all employment tax withholdings at the end of the year.**