

Educational Assistance

Employers that satisfy the following requirements can generally provide **up to \$5,250** in educational assistance to each employee each year without the benefits becoming taxable income to the employee:

1. Educational assistance must be offered as an educational assistance program run in accordance with a written document.
2. Expenses eligible for payment or reimbursement generally must be limited to the cost of **tuition, books, equipment, fees, and supplies**, unless the expense is required as part of a degree program or has a reasonable relationship to the employer's business.
3. The program's rules must not favor highly compensated employees—employees that are a 5% owner or receive more than \$125,000 in pay.
4. The program must not provide more than 5% of its benefits during the year to shareholders or owners who own more than 5% of the stock or of the capital or profits interest of the employer's business.

Additional requirements and exceptions may apply. For more information, please see [IRS Publication 15-B](#).