



UNIVERSITY POLICY

HUMAN RESOURCES POLICIES

Number: 301

Subject: Graduate Tuition Remission Policy

Covered Individuals: All employees and dependents of employees

Covered Campus Locations: All Locations

Date of Origin: May 9, 2014

Effective Date of Last Revision: April 12, 2017

PURPOSE

Graduate tuition remission in amounts above \$5,250 per year is preliminarily determined by the IRS to be income for the employee, and as a result of this UIU, as the provider of the graduate tuition remission is required to withhold taxes on these amounts as income earned by an employee.

DEFINITIONS:

N/A

POLICY

The tuition remission policy will be as follows:

For UIU Employees

- A UIU employee meeting the conditions of eligibility pursuant to his or her respective Handbook will be allowed to take UIU graduate courses without charge; tuition is waived for an eligible UIU employee taking UIU graduate courses.
- Internal Revenue Service regulations allow an individual to receive up to \$5,250 per calendar year of this type of tuition waiver benefit without incurring any tax liability. Waived UIU graduate course tuition of up to \$5,250 per calendar year will not be subject to withholding.
- Internal Revenue Service regulations require waived graduate tuition that exceeds \$5,250 in a calendar year to be taxed as ordinary income. IRS regulations require UIU (employer) to withhold taxes on waived UIU graduate course tuition amounts greater than \$5,250 per calendar year.

- The withholding rate for waived UIU graduate course tuition amounts greater than \$5,250 per calendar year will vary by UIU employee and be deducted from his or her monthly paycheck.

For UIU Spouses/Dependents

- The spouse and dependents of a UIU employee will be allowed to take UIU graduate courses without charge if the UIU employee meets the conditions of eligibility pursuant to his or her respective Handbook.
- Internal Revenue Service regulations consider all waived graduate-level tuition for a spouse or dependents of a UIU employee to be taxable as ordinary income. UIU is therefore required to withhold required taxes from the employee's monthly paycheck.
- The withholding rate will vary by UIU employee and be deducted from his or her monthly paycheck.

This does NOT mean these amounts are automatically income to the employee. There may be reasons depending on the circumstances of each individual employee that the tuition may be deductible. UIU employees are strongly encouraged to consult your individual tax advisor if you have any questions.

RULES, PROCEDURES, GUIDELINES, FORMS, AND OTHER RELATED RESOURCES

N/A

REFERENCES/BENCHMARKING

Policy was benchmarked with numerous area colleges.

CONTACTS

Acting as the Policy Owner, the Human Resources Office is responsible for answering questions regarding the application of this policy. Contact information: HR@uiu.edu, (563) 425-5959

SANCTIONS

N/A

HISTORY

Revision History:

Modifies Graduate Tuition Remission Policy dated 4-10-14

- 1. No cap for graduate level tuition remission for employees.**
- 2. Graduate level tuition remission is available for eligible dependents and spouses of employees.**

Modifies Graduate Tuition Remission Policy announced earlier this year, on February 11, 2013:

Previous Policy:

- 1. There will be a \$5,250 cap, per calendar year, for graduate level tuition remission for employees.**
- 2. Employees are able to take-additional classes if desired. However, any cost above the allowed \$5,250 tuition remission allowance will be the employee's financial responsibility.**
- 3. Tuition remission for graduate level classes will only be available for employees. Dependents and spouses are no longer eligible.**