

# Educational Assistance and Equipment

## **Educational Assistance**

Educational assistance means amounts you pay or incur for your employees' education expenses. These expenses generally include the cost of books, equipment, fees, supplies, and tuition. However, these expenses don't include the cost of a course or other education involving sports, games, or hobbies, unless the education:

- Has a reasonable relationship to your business, or
- Is required as part of a degree program.

Education expenses don't include the cost of tools or supplies (other than textbooks) your employee is allowed to keep at the end of the course. Nor do they include the cost of lodging, meals, or transportation. Your employee must be able to provide substantiation to you that the educational assistance provided was used for qualifying education expenses.

## **Exclusion from Wages**

You can exclude up to \$5,250 of educational assistance you provide to an employee under an educational assistance program from the employee's wages each year.

## **Assistance Over \$5,250**

If you don't have an educational assistance plan, or you provide an employee with assistance exceeding \$5,250, you must include the value of these benefits as wages, unless the benefits are working condition benefits.

Therefore the value of this benefit would be included as taxable income and reported on the W-2 in Box 1/16 (W-2 Federal/State Wages), Box 3/5 (Social Security/Medicare Gross) and Box 4/6 (Social Security/Medicare taxes).

## **W-2 Reportable Entry**

If any employee has received educational assistance in excess of \$5,250 in the calendar year manually enter in the W-2 reportable using earning code of WEA on the employees' paysheet-payline.

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## **Employer-Provided Cell Phones**

The value of the business use of an employer-provided cell phone, provided primarily for non-compensatory business reasons, is excludable from an employee's income as a working condition fringe benefit. Personal use of an employer-provided cell phone, provided primarily for non-compensatory business reasons, is excludable from an employee's income as a de minimis fringe benefit. The term "cell phone" also includes other similar telecommunications equipment.

For the rules relating to these types of benefits, see De Minimis (Minimal) Benefits in Publication 15-B

## **Cell Phones Provided to Promote Goodwill, Boost Morale, or Attract Prospective Employees**

You can't exclude from an employee's wages the value of a cell phone provided to promote goodwill of an employee, to attract a prospective employee, or as a means of providing additional compensation to an employee

Therefore the value of this benefit would be included as taxable income and reported on the W-2 in Box 1/16 (W-2 Federal/State Wages), Box 3/5 (Social Security/Medicare Gross) and Box 4/6 (Social Security/Medicare taxes).

## **W-2 Reportable Entry**

If any employee has been provided with telecommunications equipment that was not for non-compensatory business reasons in the calendar year manually enter in the amount as a W-2 reportable using earning code of WEQ on the employees' paysheet-payline.

## **Helpful Links:**

[Employee Assistance](#)

[Publication 15](#)

Educational Assistance pg 10

De Minimis for Equipment pg 9