By law, some uses of the Tuition Assistance Benefit are taxed. Please review this page to determine if you'll pay taxes on this benefit.

**Will my tuition assistance benefit be taxed?**

Please review the chart below to see if your Tuition Assistance Benefit will be taxed.

<table>
<thead>
<tr>
<th>Who's using the benefit?</th>
<th>What type of classes are you or your dependent taking?</th>
<th>Tax Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent</td>
<td>Undergraduate Graduate</td>
<td>Subject to taxes?</td>
</tr>
<tr>
<td>X</td>
<td>X</td>
<td>No</td>
</tr>
</tbody>
</table>
Any amount provided is excludable from employee wages. It is not reportable by the employer and is not taxable to the employee. 

*Pursuant to Internal Revenue Code section 117(d), “Qualified Tuition Reduction”*
The benefit in excess of $5,250 is taxable to the employee. It is reportable on Form W-2 as wages, subject to applicable income tax withholding and payroll taxes. It is not considered salary from which retirement contributions to the mandatory retirement plans can be made (i.e., PERA's defined benefit plan or CU's 401(a) Retirement Plan), although it is "includable compensation" from which elective deferrals can be made for the following elective plans: the CU 403(b) Voluntary Retirement Plan, PERA 401(k) Plan and PERA 457(b) Plan.
The benefit is taxable to the employee for the full amount of waived tuition. It is reportable on Form W-2 as wages, subject to applicable income tax withholding and payroll taxes. It is not considered salary from which retirement contributions to the mandatory retirement plans can be made (i.e., PERA’s defined benefit plan or CU’s 401(a) Retirement Plan), although it is "includable compensation" from which elective deferrals can be made for the following elective plans: the CU 403(b) Voluntary Retirement Plan, PERA 401(k) Plan and PERA 457(b) Plan Plan.

A note for dependents of domestic or civil union partnerships

If a child or spouse of a domestic or civil union partnership is not eligible to be claimed as a dependent on the employee's federal individual income tax return, the Tuition Assistance Benefit is taxable to the employee.
This will be reported on the employee's Form W-2 as wages, subject to applicable income tax withholding and payroll taxes. It is not considered salary from which retirement contributions to the mandatory retirement plans can be made (i.e. PERA’s defined benefit plan or CU’s 401(a) Retirement Plan), although it is considered "includable compensation" from which elective deferrals can be made for the following effective plans: PERA 401(k) Plan, the CU 403(b) Voluntary Retirement Plan and PERA 457(b) Plan.

**How much will I be taxed?**

Tuition Assistance Benefit that falls under taxable categories will be subject to Federal (22 percent) and State (4.63 percent) and 7.65 percent of FICA (Social Security and Medicare) taxes for an estimated total of 34.28 percent. This money will be taken out of employees’ paychecks typically one to two months after your campus of registration’s census deadline.

**Groups audience:**
Employee Services

**Source URL:** https://www.cu.edu/employee-services/benefits-wellness/current-employee/tuition-assistance/taxes