

Notice of Taxable Fringe Benefits

Dear ,

This notice is to advise you of the tax implications associated with the professional or graduate-level tuition waiver through EEP. According to Internal Revenue Service (IRS) guidelines, any **graduate or professional-level tuition waiver amounts in excess of \$5,250 per calendar year will be considered “taxable benefits”** and thus subject to federal, state and local taxes. Employees whose educational benefit exceeds that amount will see that portion *above* \$5,250 listed on their paystubs as imputed income, with applicable taxes automatically deducted.

The actual rate of taxation is dependent on many variables including the following: gross income, filing status, number of exemptions claimed, tax-sheltering of funds, etc. The total taxable amount more than the maximum of \$5,250.00 for the calendar year currently is:

\$278 (You are paying taxes on this amount, NOT paying this amount.) This amount will be divided over the pay dates listed below.

The imputed income amount will deduct over multiple pay periods. The University is proceeding with preparations for deducting these taxes for the 2023 calendar year as follows:

Taxes will be deducted from these pay dates, for employees on Monthly payroll.	Taxes will be deducted from these pay dates, for employees on Bi-Weekly payroll.
July 31, 2024 August 30, 2024 September 30, 2024	July 19, 2024 August 2, 2024 August 16 2024 August 30, 2024 September 13, 2024 September 27, 2024

Please be aware that taxation for graduate education based on amounts in excess of \$5,250.00 per **calendar year**. Please take this into consideration when registering for future semesters and budget accordingly.

If you have questions concerning the IRS imputed income limit or the Employee Education Program, feel free to contact the Employee Education Program Administrator by emailing eebenefits@uky.edu or a Customer Service Representative at (859) 257-9519 option 3.

Sincerely,