



## **Job Relatedness for Tuition Assistance Program Courses: Guidance for Managers**

### **Overview**

An employee taking courses for graduate credit through the Tuition Assistance Program (TAP) must fill out a Harvard TAP form and indicate whether or not their courses meet the IRS standard of job-relatedness. If an employee indicates that some or all of their TAP courses are job-related, they will need their supervisor to sign the form confirming this is accurate.

If an employee's courses **meet** the IRS standard of job-relatedness, the employee **will not** owe tax on the value of those courses. If an employee's courses **do not meet** the IRS standard of job-relatedness, the employee **will** owe tax on the value of any courses totaling more than \$5,250 (the maximum annual tax-free benefit allowed for **non-job-related** courses).

Both managers and employees should exercise care when applying the IRS standard of job-relatedness (below), as an incorrect determination could result in adverse tax consequences or an audit for the employee taking the course and for Harvard, including liability for any unpaid taxes, interest and penalties. As with all determinations of business-relatedness, there will be some gray areas where judgment is required. Managers will be expected to make informed, reasonable, good faith determinations. Submitted job-relatedness forms will be subject to internal audit.

### **According to the IRS, a course is generally considered job-related if it is...**

- Being taken to maintain or improve skills needed in the **employee's current job**. Note that the course must maintain or improve job skills in a significant way; a mere incidental or insignificant benefit is not sufficient
- **Or, required by Harvard** or by law as a condition of their current job

### **But even if that basic test is met, the IRS does not consider a course job-related if it is...**

- Being taken to **meet the minimum** educational requirements of the employee's current job. In practice, employees must already meet the minimum educational requirements of a job to be hired, so this situation should be rare. **However**, if an employee meets the minimum educational requirements when they are hired, they are covered for later changes – that is, courses to meet subsequent changes in minimum requirements **will be** considered job-related.
- Or, part of a program of study that will qualify the employee for a **new trade or business**. In practice, this means a course that is part of a program in a **reasonably different** area than the employee's current job (e.g., an accounting assistant pursuing a degree in, computer science, museum studies, creative writing, etc.) will be considered not job-related, even if the particular course might itself maintain or improve the employee's current job skills.

## Examples:

1. You are a research assistant performing statistical analysis. To keep up with the developments in your field, you take special courses in new data analytics techniques. These courses maintain and improve skills required in your work (*job-related because it helps the employee do their current job*).
2. You are a staff assistant required to write reports and briefings as part of your regular work. You take a business writing course to enhance your professional communication skills. The course is considered job-related (*job-related because there is a significant link to the employee's current job duties – business writing is job-related*).
3. You are a staff assistant required to write reports and briefings as part of your regular work. You take an English literature course. While the course may require a substantial amount of written work and may incidentally improve your writing skills, the course is not considered job-related (*not job-related because there is not a significant link to the employee's current job duties – studying and writing about English literature is not job-related*).
4. You are a health care worker who has satisfied the minimum requirements for your role. Your department's policy requires you to take an additional graduate level education course each year to keep your job. These courses are job-related even if you eventually receive a master's degree and an increase in salary because of this extra education (*job-related because it is required as a condition of employment*).
5. You are a financial analyst. You decide to get a computer science degree. The courses toward that degree (even if they improve your job skills) can't be considered job-related because the degree will qualify you for a new trade or business (*not job-related because the computer science degree – which is in a reasonably different area than the employee's current financial analyst job - will qualify the employee for a new trade or business*).

## For more information about Harvard's Tuition Assistance Program, please see:

[HARVie Tuition Assistance page](#)

[Q&A Regarding TAP Process Change](#)

## For additional questions about job-relatedness, please contact:

The Office of the Controller Tax team at (617) 495-7792 or [tax\\_reporting@harvard.edu](mailto:tax_reporting@harvard.edu)