

APPLICATION FOR QUALIFIED TUITION REDUCTION/EDUCATIONAL ASSISTANCE PLAN *cont.*

- 1) Qualified Tuition Reduction eligibility is extended to administrative, professional, faculty and classified staff employees who are employed at 50% or more of full time equivalence (FTE) and whose employment is expected to continue six (6) months or more; employees of affiliated units of the university; officially retired employees; spouses and dependent children of eligible employees (pursuant to ABOR Policy 6-902 and IRC Section 117.)
- 2) Graduate tuition reduction granted to an employee or retiree is considered a benefit exempt from taxation up to a maximum of \$5,250 per tax year under a qualifying Educational Assistance Plan (EAP) (pursuant to ABOR Policy 6-903 and IRC Section 127.)

NOTE: 1) Any course taken by a graduate student is considered a graduate level course and charged a graduate level tuition; 2) Spouses & dependents of employees are not eligible for EAP (therefore, graduate tuition reduction granted to an employee's spouse and dependent children will be fully taxed); 3) If a graduate student drops a course after the 100% refund date, the employee **WILL BE SUBJECT TO TAX** on the pro rata amount of the QTR/EAP in accordance with the refund schedule percentage. For refund policy, see the Schedule of Classes.

- 3) Eligible employees must be employed on the first day of an academic semester or session in order to use the QTR for that semester or session. Spouse/dependent children must also meet eligibility requirements as of the first day of the semester to have the benefit extended to them. Eligible employees who terminate their employment or transfer to a non-eligible position prior to the first day of classes are no longer eligible for the QTR program and will be required to pay full tuition costs and fees.
- 4) Nonresident tuition will not be waived for those registrants who are being billed for nonresident tuition. Nonresident students must contact the Residency Classification Office to update student records to reflect resident status.
- 5) The term "spouse" for the purpose of eligibility means that you are legally recognized as being married in the state of Arizona. In accordance with ABOR policy, you may be required to provide proof of eligibility (marriage license.)
- 6) The term "children" for the purposes of this form means the natural, adopted, or step-children of the employee. The term "dependent children" for the purposes of this form means children who are eligible to be claimed as a dependent for federal income tax purposes and who have not reached age thirty (30) as of the first day of the semester for which the tuition reduction is granted. In accordance with ABOR policy, you may be required to provide proof of eligibility (birth certificate, tax forms, etc.)
- 7) To be eligible as a dependent for federal income tax purposes, a child (a) must be a U.S. citizen or resident, U.S. national, or a resident of Canada or Mexico for some part of the tax year, (b) does not file a joint tax return for the year, and (c) must be a qualifying child or a qualifying relative of the employee.

To be a **qualifying child**, the child:

- must be (a) under age 19 at the end of the year, (b) under age 24 at the end of the year and a full-time student, or (c) any age if permanently and totally disabled;
- must have lived with the employee for more than half of the year or qualify for an exception of this requirement;
- must not have provided more than half of his or her own support for the year; and
- if the child meets the rules to be a qualifying child of more than one person, the employee must be the person entitled to claim the child as a qualifying child.

To be a **qualifying relative**, the child:

- cannot be a qualifying child;
- the child's gross income for the year must be less than one personal exemption (\$3,700 for 2011); and
- employee must provide more than half of the child's total support for the year or qualify for an exception of this requirement.

For further help to determine if your dependent child is eligible, consult with your tax advisor or refer to Publication 501 at the IRS website: <http://www.irs.gov/pub/irs-pdf/p501.pdf> If you have questions regarding QTR/EAP tax implications, contact your tax advisor or the Financial Services Office at 520-621-9097 or 626-3108.

My signature below indicates that I have read, understand and agree with the eligibility definitions and terms of the QTR/EAP and that I am in compliance with ABOR Policy 6-902 and 6-903. I further understand that my application for tuition reduction is subject to audit and additional documentation of eligibility may be required. If found to be ineligible, I am responsible for reimbursing any and all monies to The University of Arizona, Arizona State University or Northern Arizona University. Failure to comply with the above requirements may result in denial of this benefit.

Employee Signature: _____ Date: _____