



TaxNewsFlash

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IRS issues FAQs regarding educational assistance programs

The U.S. Treasury Department and IRS today issued a release—[FS-2024-22](#)—providing “frequently asked questions” (FAQs) regarding educational assistance programs.

As explained in a related IRS release—[IR-2024-167](#)—taxpayers may exclude from their gross income certain benefits used for education, such as payments for tuition, fees, books, supplies, and equipment, as well as principal or interest on qualified education loans paid by employers after March 27, 2020, and before January 1, 2026. These benefits are tax-free up to \$5,250 per calendar year and should not be included in the wages, tips, and compensation reported on Form W-2.

However, these tax-free educational benefits cannot be used to claim other deductions or credits, such as the lifetime learning credit. If benefits exceed \$5,250 or are received under a non-compliant program, they may still be excluded if they meet certain criteria. Additionally, amounts paid under an educational assistance program can generally be deducted by the employer as a business expense.

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