

Helpful Resources and Documents:

- GAO Technical Bulletin [10-12 Employee Reimbursements](#)
- HRIS – Training - [Employee Reimbursement](#)

Forms:

[GAO-502](#) Employee Expense Reimbursement Form

Agency Payroll Functions:

1. Ensure reimbursements are in compliance with policy
2. Process reimbursements accurately and timely

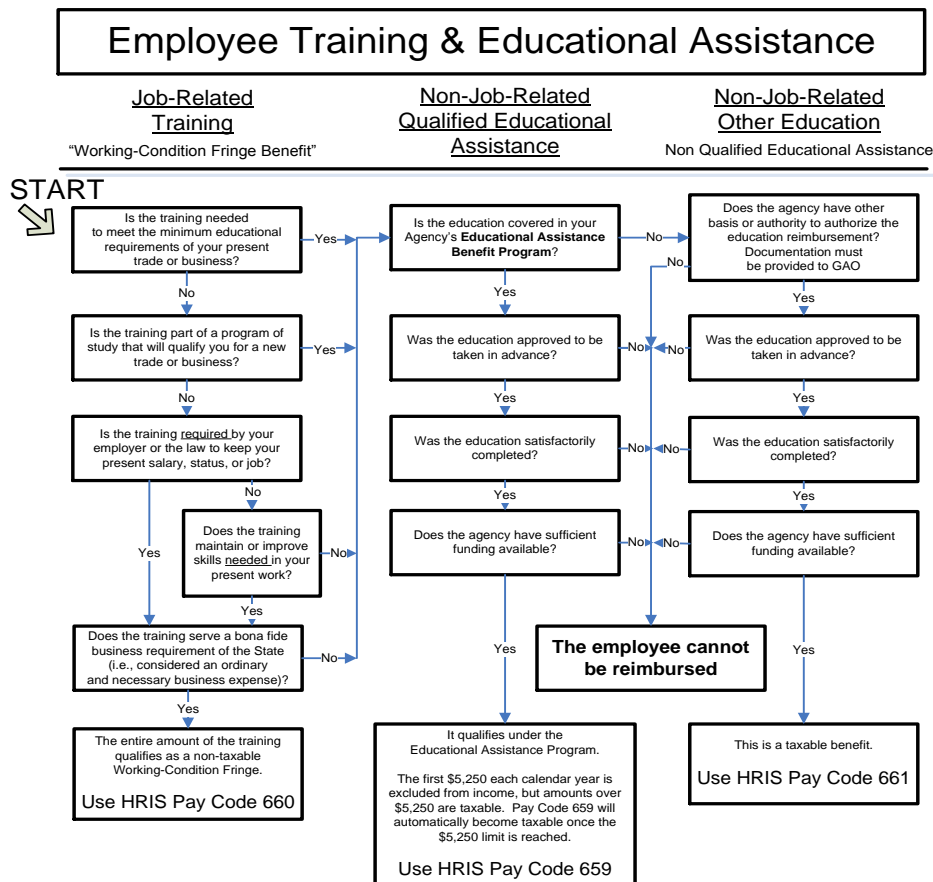
Deadlines:

Reimbursement must be made within 30 days of the later of incurring or satisfying the requirements for reimbursement (i.e. grades).  
 Not greater than 180 days from the date of incurrence or satisfaction of requirements.

**PROCEDURE**

In order to provide proper tax treatment of educational reimbursement payments, all such reimbursements must be made through the HRIS. The expenses will be recorded by Agency Employee Reimbursements Specialists (AERS) using the Employee Reimbursements Entry Form (ZR35.2) and the GAO-502. Detailed instructions are found in the [Employee Reimbursements HRIS Training manual](#). Any instruction or staff development, such as a conference or seminar, that is paid from AFIS to the vendor directly is not addressed by this procedure.

Reimbursements must be classified at the time they are paid as either: Job-Related Training, Non-Job-Related Qualified Educational Assistance, or Non-Job-Related Other Education. This chart can assist in the determination of the proper HRIS pay code to use for the expense reimbursement:



**JOB-RELATED TRAINING**

Specialized instruction required in order to either keep one's present salary, position, status or job, or to improve one's skills in performing one's current work can generally be referred to as job-related training. This may qualify as a non-taxable "working-condition fringe" benefit described by the IRS under Section 132. To be excludable as a working-condition fringe benefit, employer-paid job-related training must (all 4 boxes below checked):

- Not be needed to meet the minimum requirements of the present job
- Not qualify the employee for a new trade or business
- Be a condition of continuing employment (required to keep salary, status, or job)
- AND/OR**
- Maintain or improve skills required by an individual's employment
- Be expenses considered "ordinary and necessary" business expenses

Reimbursable expenses must be made under an accountable plan (receipts provided) and may include:

- Registration
- Fees required and directly related to the training
- Books, supplies and similar items, if the employee must surrender them to the State
- Certain transportation and travel costs, provided they comply with State Travel Policy

**NON-JOB-RELATED QUALIFIED EDUCATIONAL ASSISTANCE**

Education generally includes any course of study that leads or may lead to a diploma, degree, or certificate. Education is generally considered non-job-related and not directly associated with an employee's current work responsibilities. Although education is generally considered a taxable fringe benefit, there may be a portion that is excludable from income (currently \$5,250 per year) if an employer offers an Educational Assistance Benefit Program qualified under Section 127, that is a bona fide employee benefit program, that meets both of the following conditions:

- Is designed exclusively for the purpose of providing benefits to employees
- Provides equivalent benefits to all (i.e., does not favor highly compensated employees)

To be excluded from income for any portion of a reimbursement in accordance with a State Agency's Educational Assistance Benefit Program, the reimbursement must meet all four of the following conditions:

- Made in accordance with a qualified Educational Assistance Benefit Program Plan
- Approved to be taken in advance
- For education that has been completed
- Made by an agency or budget unit that has sufficient funding available

Reimbursable expenses must be made under an accountable plan (receipts provided) and may include:

- Tuition
- Fees required by and directly related to a given class (such as lab fees)
- Books, supplies and similar items, if the employee must surrender them to the State

**OTHER EDUCATION**

Should an agency have any other basis or authority to authorize reimbursements for educational expenses that do not qualify as job-related training or non-job-related qualified educational assistance, payments would be treated as fully taxable benefits. Documentation must be reviewed by the GAO prior to reimbursement.