

**CSU FEE WAIVER AND REDUCTION PROGRAM  
 IRS TAX GUIDELINES**

Who is taking the course?	Is the course job related or for a degree?	What level is the course?	To maximize tax-free treatment of benefits, all three IRC sections may be utilized under the CSU Fee Waiver and Reduction Program.		
			IRC Section 117(d)	IRC Section 127	IRC Section 132(d)
Employee	Yes	Undergraduate	Nontaxable	Nontaxable up to an annual amount of \$5,250	Nontaxable if job-related
		Graduate	Taxable unless employee is a research assistant engaged in teaching or research activities.	Nontaxable up to an annual amount of \$5,250*	Nontaxable if job-related
	No	Undergraduate	Nontaxable	Nontaxable up to an annual amount of \$5,250.	Taxable
		Graduate	Taxable unless employee is a research assistant engaged in teaching or research activities.	Nontaxable up to an annual amount of \$5,250 *	Taxable
Spouse or Dependent Child	Must be for a degree/ teaching credential.	Undergraduate	Nontaxable	Taxable	Taxable
		Graduate	Taxable	Taxable	Taxable
Domestic Partner	Must be for a degree/ teaching credential.	Undergraduate	Taxable	Taxable	Taxable
		Graduate	Taxable	Taxable	Taxable

\* Prior to 1/1/02, graduate courses were taxable under IRC Section 127. The federal law called the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) changed IRC 127 to allow graduate courses to be tax free up to the \$5,250 annual limit.