



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

June 20, 2023

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Dear _____,

This letter responds to your requests for information dated September 21, 2022 and December 28, 2022. To help with your outreach efforts, you requested clarification regarding the treatment of employer contributions to a qualified tuition program (also referred to as a section 529 plan).

A qualified tuition program is a program established and maintained by a state, or an agency or instrumentality of a state or one or more eligible educational institutions, that allows a person to prepay a designated beneficiary's qualified higher education expenses at an eligible educational institution or, in the case of state, or an agency or instrumentality of a state, to contribute to an account for paying those expenses. Qualified higher education expenses generally include expenses required for the enrollment or attendance of the designated beneficiary at any college, university, vocational school, or other postsecondary educational institution eligible to participate in a student aid program administered by the Department of Education. In addition, qualified higher education expenses include tuition expenses, up to \$10,000 per year, in connection with a designated beneficiary's enrollment or attendance at an elementary or secondary public, private, or religious school, i.e., kindergarten through grade 12. They also include expenses for fees, books, supplies, and equipment required for the participation of the designated beneficiary in an apprenticeship program registered and certified with the Secretary of Labor and qualified education loan repayments in limited amounts. Contributions to qualified tuition programs on behalf of any designated beneficiary are limited under section 529(b)(6) to no more than the amount necessary to provide for the qualified higher education expenses of the designated beneficiary.

You requested clarification regarding the treatment of employer contributions to a qualified tuition program on behalf of a designated beneficiary. An employer may make a contribution on behalf of an employee or an employee's family member to a qualified tuition program, subject to the contribution limit under section 529(b)(6). The contribution would be treated as a taxable fringe benefit to the employee and would be deductible as wages or compensation by the employer. The contribution would be reported in box 1, box 3 (if applicable), and box 5 of the employee's Form W-2, regardless of whether the contribution is made to a qualified tuition program on behalf of the employee or the employee's family member.

This letter has called your attention to certain general principles of the law. It is intended for informational purposes only and does not constitute a ruling. See Rev. Proc. 2023-1, I.R.B. 2023-1 (Jan. 3, 2023). If you have any additional questions, please contact _____ at _____.

Sincerely,

/s/ Taina Edlund _____

Taina Edlund

Senior Technician Reviewer, Exempt
Organizations

(Employee Benefits, Exempt Organizations and
Employment Taxes (EEE))