

TAX REFORM AND HIGHER EDUCATION

What Students, Families, and Institutions Need to Know

Camp Tax Reform Act of 2014 – Employee Benefits Provisions

Provision	Details	JCT Revenue Estimate	Other Relevant Legislation & Proposals
Employee Tax Benefits			
Section 117(d) qualified tuition reductions	Section 117 (d) allows institutions to provide tax- free undergraduate-level tuition waiver or reimbursements (for study at schools with reciprocal agreements) to employees, spouses and dependents. It also allows tax-free tuition of individuals employed as graduate-level teaching and research assistants. Repeals provision thereby eliminating tax free treatment of tuition .remissions.	\$2.5 billion	
Section 127 employer-provided educational assistance	Section 127 employer-provided educational assistance. Allows employers to provide up to \$5,250 annually in tax-free tuition assistance at the graduate or undergraduate level. Repeals Section 127 thereby eliminating tax free treatment of employer provided educational assistance.	\$10.5 billion	
Exemption from FICA taxes for foreign workers	Repeals the exemption for FICA taxes for certain foreign students and their families in the U.S. on a temporary basis for educational purposes and to participants in cultural exchange programs.	\$7.7 billion	
Exemption from FICA taxes for students	Repeals exemption from FICA taxes for students employed by a school, college, or university. Exemption would be limited to the student's earnings that are less than the amount needed to receive a quarter of Social Security coverage for the year (\$1,200 for 2014).	\$13.0 billion	
Employer-provided housing exclusion	Limits the exclusion for housing provided for the convenience of the employer and employees of education institutions to \$50,000 (\$25,000 for a married individual filing a separate return) and to only one residence.*See page 191 of the draft legislative language.	<\$50 million	