

## Reg. Section 1.127-2(c)(4)

### Qualified educational assistance program

(c) Educational assistance—

(1) In general. The benefits provided under the program must consist solely of educational assistance. The term "educational assistance" means—

- i. The employer's payment of expenses incurred by or on behalf of an employee for education, or
- ii. The employer's provision of education to an employee.

(2) Alternative benefits. Benefits will not be considered to consist solely of educational assistance if the program, in form or in actual operation, provides employees with a choice between educational assistance and other remuneration includible in the employee's gross income.

(3) Certain benefits not considered educational assistance. The term "educational assistance" does not include the employer's payment for, or provision of—

- i. Tools or supplies (other than textbooks) that the employee may retain after completing a course of instruction,
- ii. Meals, lodging, or transportation, or
- iii. Education involving sports, games, or hobbies, unless such education involves the business of the employer or is required as part of a degree program. The phrase "sports, games, or hobbies" does not include education that instructs employees how to maintain and improve health so long as such education does not involve the use of athletic facilities or equipment and is not recreational in nature.



(4) Education defined. As used in section 127, § 1.127-1, and this section, the term "education" includes any form of instruction or training that improves or develops the capabilities of an individual. Education paid for or provided under a qualified program may be furnished directly by the employer, either alone or in conjunction with other employers, or through a third party such as an educational institution. Education is not limited to courses that are job related or part of a degree program.