MONTGOMERY COLLEGE

MEMORANDUM

To: Benefits-Eligible Faculty, Staff, and Administrators

From: Dr. Sophia Mason, Director of HR Business Services
Ms. Donna Dangle, Manager of HR Finance
Office of Human Resources and Strategic Talent Management (HRSTM)

Date: October 29, 2025

Subject: **Deadline for 2025 EAP Taxable Tuition Benefits**

We are reaching out to share important information about the deadline for submitting 2025 eligible Educational Assistance Program (EAP) tuition benefit requests. Due to the timing of Winter Break, the final two (2) pay dates of 2025 must be processed by HRSTM on an accelerated schedule. Because tuition benefits are subject to Internal Revenue Service (IRS) rules, the accelerated pay processing requires adjustments to the timelines for eligible EAP tuition benefits submissions.

Each calendar year, the IRS determines the amount of tuition benefits that can be paid on behalf of employees on a tax-free basis. For 2025, undergraduate or graduate tuition benefits in excess of $5,250 are taxable and must be reported as taxable income. Because taxable benefits are reportable on the IRS Form W-2 filings, the College must track and report the appropriate taxable tuition benefits on a calendar year basis. All taxable benefits are reported to the Payroll Team quarterly and taxes are withheld accordingly. The taxable tuition total is then reported on an employee's annual tax statement (Form W-2, Box 1). In order to comply with these IRS regulations and meet payroll processing requirements eligible employees must follow the following timelines:

- **All 2025 EAP tuition benefits requests must be submitted by Friday, November 28**. This includes all direct payments via supplier invoices and employee reimbursements for undergraduate and graduate tuition.
- Tuition requests that are fully approved by supervisors, accounts payable, and HRSTM (EAP Partner) will be processed for payment on Friday, December 5, and **taxable income will be captured on the December 12 and 26 paychecks**.
- **Tuition requests received after November 28 will not be processed until January 2026**, including any requests returned for non-compliance (incorrect or missing information or attachments).

Please mark your calendars to ensure that any undergraduate or graduate expenses you intend to be processed before January 2026 are **submitted by November 28**. Non-tuition EAP requests are not affected by this deadline.

More information about taxable tuition may be found on the EAP page of the HRSTM website, including the new Taxable Income for Undergraduate and Graduate Tuition Guide.

We encourage you to email EAP Requests with any specific questions. Thank you for your cooperation and prompt attention to this early deadline.