

Valuing Tuition Waivers for Tax Purposes

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Some tuition waivers provided by universities to employees or family members of employees are taxable benefits; that is often the case for waivers in graduate and professional programs. This article argues that the method used by many universities to value the benefit for tax purposes—treating the tuition sticker price as if it measured value—is an incorrect reading of tax law. Because sticker price generally exceeds fair market value, the result is more taxable income to employees who “benefit” from waivers than should be the case—to the obvious detriment of the employees but also to the detriment of the universities, which may lose good students and employees to other institutions.