DAS | DEPARTMENT OF ADMINISTRATIVE SERVICES

OREGON ACCOUNTING MANUAL

Subject:	Accounting and Financial Reporting	Number:	50.10.00.PR
Division:	State Controller's Division	Effective date:	July 1, 2009
Chapter:	**Tax Issues**		
Part:	**Educational Assistance Payments**		
Approved:	John Radford, State Controller	Signature on file at SCD	

AUTHORITY: ORS 292.036; Internal Revenue Code 127; Internal Revenue Code 132(d); State HR Policy 50.045.01

PROCEDURES:

.101   Agency management must authorize educational assistance or reimbursements in compliance with IRS regulations, OAM 50.10.00.PO and State HR Policy 50.045.01. Agencies must classify all payments as taxable and non-taxable, and receipts or other documentation must support the payments.

.102   Agencies must pay or record both taxable and non-taxable educational assistance payments through the Oregon Statewide Payroll Application (OSPA), using pay code EDN for non-taxable payments and pay code EDT for taxable payments.

   a.   To reimburse an employee for educational expenses, the agency's payroll unit enters the transaction into OSPA as a gross pay adjustment, using the code(s) noted above. The employee will receive the reimbursement in the next regularly scheduled payroll.

   b.   To record advances made to the employee or paid directly to a third party, the agency's payroll unit first enters the payments as a gross pay adjustment into OSPA using the code(s) noted above. If the agency paid the advance to the employee, the agency's payroll unit enters a PANN transaction on the employee deduction screen. If OSPS paid the advance using a manual check, the agency's payroll unit enters a PPNN transaction on the employee deduction screen. In either case, the entry on the deduction screen must match the amount of the advance. **Employees may see a reduction in their net pay when the related taxes are deducted.**

.103   Educational expense or assistance payments post to comptroller object 4406 Professional Development.

.104   Agencies must retain authorizations for these payments in the employee's payroll file for a minimum of five years.