

BP Educational Assistance Application for Reimbursement

INSTRUCTIONS:

Please refer to the Educational Assistance policy for more detailed information regarding eligibility, reimbursement and documentation requirements.

° **Form.** The employee should complete all sections of the Application for Reimbursement on page 4 using the appropriate column for a tuition advance or reimbursement.

° **Tax Determination.** If reimbursement is expected to exceed \$5,250 in a calendar year, the employee must complete the Educational Assistance Tax Status Determination Questionnaire on page 3 and obtain concurrence from the Team Leader or Designated Representative.

° **Approval.** The employee should submit the completed application to his/her Team Leader or Designated Representative for approval. Signature of the Team Leader/Designated Representative indicates approval for payment. The Team Leader/Designated Representative should keep a copy and the employee gets a copy. The Team Leader should submit a Payments and Deductions e-form to reimburse the employee.

° **Grades.** After the employee completes the course(s), he/she needs to submit an original final grade report or certification of successful completion to the team leader or designated representative who approved the application.

GUIDANCE CONCERNING THE TAXATION OF EDUCATIONAL ASSISTANCE PAYMENTS

Depending upon the course and the dollar amounts involved, educational assistance payments may be completely, partially, or in no way exempt from taxation under the Internal Revenue Code.

Key Guidelines for Taxation of Educational Assistance

For all coursework (including graduate-level) beginning on or after January 1, 2002:

- All payments up to \$5,250 per year can be excluded from an employee's taxable income.

- For payments above the \$5,250 per year limit:
 - If the course is **"job-related" as defined by the IRS**, it is considered a *business expense* and may be excluded from taxable income reported by the Company.

 - If the course is **not "job-related" as defined by the IRS**, whether the course is an undergraduate or graduate-level course, the law requires that the educational assistance amount above \$5,250 per year be included in taxable income subject to income tax and FICA withholding. Federal income taxes will be withheld at the flat bonus rate in effect at the time expenses are processed.

Note: Tax treatment of tuition reimbursements and tuition advances will be assessed at the time they are paid, not based on the completion date of the course.

Determination of “Job-related” Education

Educational Assistance may be excluded from an employee’s taxable income reported by the Company if it meets IRS regulatory requirements. It is critical that any determination of job-related educational assistance benefits be made accurately. A benefit that is incorrectly processed as nontaxable can result in tax penalties and the need to amend tax filings for both the Company and the employee.

To be considered by the Company to be **job-related** (by IRS definition) and therefore excluded from the employee’s taxable income reported by the Company, the coursework must meet the IRS’s requirements, which are generally as follows:

- **Must** be required by the employer, or by laws or regulations, to keep the employee’s present salary, status or job (and must serve a bona fide business purpose of the employer), **or**
- **Must** maintain or improve skills required in the employee’s present position.

Even if a course meets the two requirements above, it:

- **Must not** be part of a program of study that will qualify the employee for a new trade, business or job; **and**
- **Must not** be taken to meet minimum educational requirements of the employee’s present trade or business.

An employee should refer to IRS Publication 508 for more information on tax benefits for job-related education and/or consult with his/her personal tax advisor.

BP Educational Assistance

Educational Assistance Tax Status Determination Questionnaire

If your educational assistance benefits will exceed \$5,250 in a calendar year, you must complete the attached questionnaire and obtain concurrence from your Team Leader or Designated Representative. Your answers to the following series of questions will assist the Company in making a determination as to whether it considers your education to be job-related under the IRS rules.

PLEASE NOTE: The Company reserves the sole discretion to treat your benefits as job-related or not job-related for payroll purposes, and is not bound by any answers that you may supply below.

Please answer the following questions in the order presented.

1. Is the coursework being taken to enable you to meet the minimum educational requirements to qualify you for your current position?

Example: Employee without a graduate degree is hired as a manager in Accounting, a job that requires a Masters in Accounting. The employee is required to obtain the graduate degree.

Yes. STOP HERE. Education is not job-related.

No. Continue to Question #2.

2. Is the coursework part of a program of study that can qualify you for a new trade or business?

Examples: An engineer pursues a law degree. It is not required to perform his or her current job and may qualify the employee for another trade or business.

Yes. STOP HERE. Education is not job-related.

No. Continue to Question #3.

3. Does the coursework being taken maintain or improve skills required by you in your current position?

Example: Employee is a mechanical engineer (in a position that does not require a masters degree) and is completing a Masters in Mechanical Engineering.

Yes. STOP HERE. Education is job-related.

No. Continue to Question #4.

4. Is the coursework required by BP (for a bona fide business reason) or required by law in order for you to keep your current position, salary or status?

Example: For bona fide business reasons, BP adds a master's degree requirement to senior management level jobs. All current managers without one must get one.

Yes. STOP HERE. Education is job-related.

No. STOP HERE. Education is not job-related.

BP Educational Assistance Application for Reimbursement

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|---|--------------|---------------|--|--------------|--|
| (Initial) | | | Employee GPID: | | |
| Name of School or Institution: Address: | | | | | |
| Course Title | Course Dates | Tuition Total | Books & Eligible Fees | 90% of Total | |
| | | | | | |
| | | | | | |
| | | | | | |
| Total Educational Assistance Payment: | | | | | |
| Check the appropriate box: <input type="checkbox"/> Reimbursement for Completed Course <input type="checkbox"/> Tuition Advance | | | Check the appropriate box as it applies to this coursework: <input type="checkbox"/> Total paid will not exceed \$5,250/year--Code 3005 <input type="checkbox"/> Not Job-Related as defined by the IRS--Code 3005 <input type="checkbox"/> Job-Related as defined by the IRS--Code 47AH | | |

EMPLOYEE

My signature below confirms my agreement with the following:

- Before enrolling, I must obtain approval of my Team Leader or Designated Representative.
- The course(s) I enrolled in will benefit both the Company and me.
- If I am accepting a tuition advance payment, I agree to comply with the requirements of the tuition advance payment as described in the Educational Assistance Policy and authorize the Company to make the necessary deductions from my paycheck if I do not comply with the requirements.
- If I am receiving any other financial assistance (grants, scholarships, financial aid), I understand I must notify the Team Leader or Designated Representative immediately. Failure to disclose such information will disqualify my application for Educational Assistance and could lead to disciplinary action up to and including termination of employment.
- Based on the guidelines provided to determine IRS job-relatedness, I certify that the information I have provided is correct to the best of my knowledge.
- I have read and understand the Educational Assistance Policy, including the requirements and repayment methods.

Signature of Applicant

Date

TEAM LEADER OR DESIGNATED REPRESENTATIVE:

I agree with the applicant's determination regarding the job-relatedness of this coursework as defined by the IRS. Furthermore, based upon the facts presented to me, this course(s) (a) adds to the applicant's effectiveness in his/her present assignment, (b) contributes to the applicant's overall development and is beneficial to the Company, or (c) is a course required for the completion of a degree that will satisfy (a) or (b).

Printed Name of Team Leader or Designated Representative

Signature of Team Leader or Designated Representative

Date

TEAM LEADER/DESIGNATED REPRESENTATIVE CHECK LIST: Indicate Date Received by Each Item as Appropriate

Advance: Evidence of Registration Receipt/Invoice Grades upon completion
 Reimbursement: Receipts for All Expenses Grades