

Part III - Administrative, Procedural and Miscellaneous

Returns Relating to Payments of Qualified Tuition and Related Expenses; and Returns Relating to Payments of Interest on Education Loans

Notice 2000-62

PURPOSE

This notice announces that eligible educational institutions and certain persons who receive payments of student loan interest may continue to report the same information under § 6050S of the Internal Revenue Code for the year 2001 as required for the years 1998, 1999, and 2000.

BACKGROUND

Section 6050S requires eligible educational institutions (“institutions”) to file information returns with the Internal Revenue Service to assist taxpayers and the Service in determining the Hope Scholarship Credit and the Lifetime Learning Credit that taxpayers may claim under § 25A. Section 6050S also requires institutions to furnish a corresponding statement to each individual named on the information return showing the information that is reported to the Service. The specific information reporting requirements applicable to eligible educational institutions for the years 1998, 1999, and 2000 are described in Notice 97-73, 1997-2 C.B. 335 (as modified by Notice 98-46, 1998-36 I.R.B. 21; Notice 98-59, 1998-49 I.R.B. 16; and Notice 99-37, 1999-30 I.R.B. 124).

In addition, § 6050S requires certain persons who receive payments of interest

on one or more qualified education loans, as defined in § 221(e)(1), (“payees”) to file information returns with the Service to assist taxpayers and the Service in determining the amount of student loan interest that taxpayers may deduct under § 221. Section 6050S also requires payees to furnish a corresponding statement to each individual named on the information return showing the information that is reported to the Service. The specific information reporting requirements applicable to payees for the years 1998, 1999, and 2000 are described in Notice 98-7, 1998-3 I.R.B. 54 (as modified by Notice 98-54, 1998-46 I.R.B. 25; and Notice 99-37).

The legislative history to § 6050S reflects that Congress intended that no additional reporting (i.e., beyond the reporting currently required in Notice 97-73) would be required of institutions until final regulations are issued under § 6050S. In addition, Congress intended that the final regulations would have an effective date that gives institutions sufficient time to implement additional required reporting. See H.R. Conf. Rep. No. 599, 105th Cong., 2d Sess., at 321-322 (1998).

DISCUSSION

On June 16, 2000, the Treasury Department and the Service issued proposed regulations under § 6050S. See 65 Federal Register 37728. The regulations propose reporting under § 6050S beyond that required in Notice 97-73 (as modified) and Notice 98-7 (as modified). The regulations are proposed to be applicable for information returns required to be filed, and statements required to be furnished, after December 31, 2001. The Treasury Department and the Service expect to finalize the proposed regulations in the year 2001.

The Service has received numerous comments on the proposed regulations under § 6050S. Several commentators indicated that the proposed applicability date does not provide sufficient lead time for institutions and payees to comply with the additional reporting requirements. In light of these comments, and consistent with the intent of Congress that final regulations provide sufficient time to implement additional reporting required under § 6050S, the Treasury Department and the Service have decided that institutions and payees should be allowed to satisfy the information reporting requirements for the year 2001 in the same manner as described in Notice 97-73 (as modified) and Notice 98-7 (as modified).

Accordingly, for the year 2001, eligible educational institutions will be required to file Forms 1098-T, "Tuition Payments Statement," that include the same information required by Notice 97-73 (as modified). Similarly, for the year 2001, payees will be required to file Forms 1098-E, "Student Loan Interest Statement," that include the same information required by Notice 98-7 (as modified). Forms 1098-T and Forms 1098-E for the year 2001 must be filed with the Service by February 28, 2002, if filed on paper or by magnetic media, or by April 1, 2002, if filed electronically. In addition, for the year 2001, institutions and payees must furnish statements containing the same information as Forms 1098-T and Forms 1098-E that will be filed with the Service to the individuals named on the information returns on or before January 31, 2002.

Although such reporting is not required, the Treasury Department and the Service encourage institutions and payees that are able to do so to report the additional information described in the proposed regulations for the year 2001, in order to assist

taxpayers in calculating any credit allowable under § 25A and any deduction allowable under § 221.

Consistent with Notice 97-73 (as modified) and Notice 98-7 (as modified) and § 6050S, no penalties will be imposed under § 6721 or § 6722 prior to the issuance of final regulations for any failure to file correct information returns or to furnish correct statements required under § 6050S for the year 2001. Even after final regulations are issued, no penalties will be imposed under § 6721 or § 6722 for failure to file correct information returns or to furnish correct statements for the year 2001 if the institution or payee made a good faith effort to file information returns and furnish statements in accordance with either this notice or the proposed regulations.

EFFECT ON OTHER DOCUMENTS

Notice 97-73, Notice 98-7, Notice 98-46, Notice 98-54, Notice 98-59, and Notice 99-37 are modified.

DRAFTING INFORMATION

The principal author of this notice is Donna Welch of the Office of the Associate Chief Counsel (Procedure and Administration), Administrative Provisions and Judicial Practice Division. For further information regarding this notice contact her on (202) 622-4910 (not a toll-free call).