

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

Notice 99-37

PURPOSE

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

BACKGROUND

Section 6050S requires eligible educational 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 the 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 and 1999 are described in Notice 97-73, 1997-2 C.B. 335 (as modified by Notice 98-46, 1998-36 I.R.B. 21, and Notice 98-59, 1998-49 I.R.B. 16).

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 and 1999 are described in Notice 98-7, 1998-3 I.R.B. 54 (as modified by Notice 98-54, 1998-46 I.R.B. 25).

The legislative history of recent amendments 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 educational 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

The Treasury Department and the Service expect to issue proposed regulations under § 6050S this year. (See the Office of Tax Policy and Internal Revenue Service 1999 Priority Guidance Plan.) Final regulations under § 6050S, however, will not be issued before 2000. Consistent with the intent of Congress that the current reporting requirements remain in effect until regulations are finalized, the information reporting requirements under § 6050S for the year 2000 will be the same as the reporting requirements described in Notice 97-73 (as modified) and Notice 98-7 (as modified).

Accordingly, for the year 2000, 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 modi-

fied). Similarly, for the year 2000, 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 2000 must be filed with the Service by February 28, 2001, if filed on paper or by magnetic media, or by April 2, 2001, if filed electronically. A statement containing the same information as reported on any Form 1098-T or Form 1098-E filed with the Service must be furnished to the individual named on the information return by January 31, 2001.

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 2000. 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 2000 if the institution or payee made a good faith effort to file information returns and furnish statements in accordance with this notice.

EFFECT ON OTHER DOCUMENTS

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

DRAFTING INFORMATION

The principal author of this notice is Donna Welch of the Office of the Assistant Chief Counsel (Income Tax and Accounting). For further information regarding this notice contact her on (202) 622-4910 (not a toll-free call).