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Tax Regs in Plain English

# IRS Restructuring and Reform Act of 1998

## 3712 - Reporting Requirements in Connection with Education Tax Credit

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### Section 3712

#### Reporting Requirements in Connection With Education Tax Credit

**A. Provision covered:** Section 3712 (Reporting Requirements in Connection With Education Tax Credit) (Amends § 6050S of the Code).

**B. Background:** Currently, § 6050S requires information reporting by educational institutions of the aggregate amount of payments for qualified tuition and related expenses received by the institution with respect to a student in order to assist students, parents, and the IRS in calculating the amount of the HOPE and Lifetime Learning credits potentially available.

**C. Changes:** The provision requires that in addition to reporting tuition and related expenses received, institutions must report any grant amount received by the student for payment of costs of attendance and processed through the institution. The legislative history accompanying the provision also contemplates that

1. regulations issued under § 6050S will provide educational institutions with sufficient time to implement required reporting, and no reporting beyond the minimal reporting required by Notice 97-73 will be required until final regulations are issued;
2. regulations may exempt institutions from the reporting requirements with respect

- to certain categories of students, such as non-degree students;
- 3. the reasonable cause exception contained in § 6724 of the Code will be clarified as it applies to the education reporting requirements; and
- 4. any update and modernization of IRS computer systems will incorporate the capacity to match a dependent's TIN with the return filed by the person claiming the individual as a dependent.

**D. Impact:** The IRS must take necessary actions to implement the additional information reporting requirements.

**E. Necessary Actions:**

1. Submit RIS to match dependent's TIN with the return filed by the person claiming the individual as a dependent.
2. Issue Notice extending the reporting requirements of Notice 97-73 to apply to reporting for 1999 (Forms 1098-T due in 2000).
3. Issue prospective regulations that address
  1. exemptions to the reporting requirements for certain categories of students and
  2. the reasonable cause exception under § 6724.
4. Revise affected forms and publications.

**F. Other Special Comments:**

1. IRS should consider costs involved in matching the dependent's TIN to the parent's return.

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