



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
Washington, DC 20224

SMALL BUSINESS / SELF-EMPLOYED DIVISION

September 28, 2012

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MEMORANDUM FOR DIRECTORS, EXAMINATION AREA OPERATIONS  
DIRECTORS, W&I CAMPUS COMPLIANCE  
DIRECTORS, SBSE CAMPUS COMPLIANCE

FROM: Justin L. Abold */s/ Justin L. Abold*  
Acting Director, Examination Policy

SUBJECT: Interim Guidance Adding Two Standard  
Paragraph Explanations for Educational Expense

This memorandum is being issued to SB/SE Field employees, and SB/SE and W&I Campus employees to add two standard paragraphs that can be used immediately to explain adjustments to education expenses. Please ensure this information is distributed to all affected employees within your organization.

1. Standard Paragraph #3921 - Tuition and Fees

Since you did not establish the amount shown was

- (a) Tuition and fees, and
- (b) Paid,

the amount shown is disallowed. Educational institutions that receive payments for qualified tuition and fees are required to file Form 1098-T, *Tuition Statement*, with the IRS and furnish a copy to the student.

2. Standard Paragraph #3922 - Student Loan Interest

Since you did not establish the amount shown was

- (a) Student loan interest, and
- (b) Paid,

the amount shown is disallowed. Financial, governmental, and educational institutions that receive qualified student loan interest payments during a calendar year are required to file Form 1098-E, *Student Loan Interest Statement*, with the IRS, and furnish a copy to the borrower.

These new standard paragraphs will be available in the February 2013 release of Report Generation Software (RGS). Prior to the RGS release, examiners can insert these paragraphs using the [custom paragraph](#) feature in RGS.

This guidance will be incorporated into IRM 4.10.10, *Standard Paragraphs and Explanation of Adjustments*, no later than September 27, 2013.

If you have questions, you may contact me or a member of your staff may contact Cathy Demetra, Program Manager, Examination Policy, Examination General Processes.

cc: [www.irs.gov](http://www.irs.gov)