



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

WAGE AND INVESTMENT DIVISION

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MEMORANDUM FOR ACCOUNTS MANAGEMENT AND
FIELD ASSISTANCE EMPLOYEES

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SUBJECT: Interim Guidance on Department of Education (ED)
Procedures

This memorandum issues guidance on Department of Education (ED) procedures until IRM section 21.3.13 is published. Please ensure that this information is distributed to all affected employees within your organization.

Background

College bound students applying for financial aid through the Department of Education's Free Application for Federal Student Aid (FAFSA) use a tool developed by the IRS and the Department of Education. The tool is internally known as the Federal Student Aid - Datashare (FSA-D), and externally as the IRS Data Retrieval Tool (IRS DRT). There are two parts to FSA-D:

- FAFSA on the Web (FOTW)
- Income Driven Repayment (IDR) includes: Income Based Repayment (IBR), Income Contingent Repayment (ICR), and Pay as You Earn (PAYE) Plans.

Free Application for Federal Student Aid (FAFSA)

1. The taxpayer could be a student, parent of a student, or the spouse of a student applying for financial aid.

2. IRS DRT retrieves tax return information for the respective school year. Taxpayers can select whether or not to transfer the tax return information into the student loan application.
3. If taxpayers contact the IRS when they encounter problems with the tool, follow the instructions outlined in the table below.

If	Then
<p>Scenario 1: The taxpayer requests technical support to resolve an error message (technical difficulties, data not found) or a broken link issue</p>	<p>Refer the taxpayer to 1-800-4FED-AID.</p> <p>Note: Do not attempt to provide any technical support for the IRS DRT.</p> <p>Note: Assistors should verify with the taxpayer if there is an immediate need for a transcript. If yes, refer to Scenario 3. Follow Disclosure guidelines as outlined in IRM, 21.1.3.2.3, <i>Required Taxpayer Authentication</i>, and provide the requested information.</p> <p>Note: If there is an Identity Theft (IDT) indicator or the assistor suspects IDT, see Scenario 4 below.</p>
<p>Scenario 2: The taxpayer cannot authenticate (entries do not match IRS records) or is unable to obtain tax information and requests entity information support.</p> <p>Note: IRS DRT error messages include:</p> <ul style="list-style-type: none"> • “Your entries do not match IRS records.” • “Your address does not match IRS records.” 	
<p>Scenario 3: The taxpayer requests a tax account or tax return transcript</p>	<p>Follow IRM 21.2.3.5.9.2, <i>IMF Transcript Ordering</i>.</p> <p>Note: If there is an IDT indicator or the assistor suspects IDT, see Scenario 4 below.</p>
<p>Scenario 4: The taxpayer is unable to obtain tax information and requests support with a confirmed or unconfirmed IDT.</p> <p>Note: IRS DRT error message is “Unable to provide the federal income tax information.”</p> <p>In these cases the student will need a tax return transcript.</p>	<p>Follow Disclosure guidelines as outlined in IRM 21.1.3.2.3, <i>Required Taxpayer Authentication</i>, and IRM 21.1.3.2.4, <i>Additional Taxpayer Authentication</i>, and provide requested information.</p> <p>Follow IRM 21.2.3.5.8.3.1, <i>Tax Return Transcript for Identity Theft</i>.</p>

Note: If the assistor suspects IDT, refer to IRM 10.5.3.2.5.2, *IRS Initiated Suspicion of Identity Theft - TC 971 AC 522 IRSID*, and IRM 21.9.2.3, *Identity Theft-Telephone Overview*.

4. While completing the student loan application, taxpayers are given the option of accessing the IRS DRT so individual tax information can be populated into the FAFSA. Assistors can provide specified line amounts from the processed return. This information includes:

- Type of return
- Number of exemptions
- Adjusted gross income
- Income tax after credits "Per Computer" figures on Command Code (CC) RTVUE
- Tax exempt interest income
- Non-refundable Education Credit

If an actual transcript is needed, follow IRM 21.2.3.5.9.2, *IMF Transcript Ordering*.

5. Some of the questions on the FOTW require calculations that are not on the tax return transcript as a singular item. These calculations are NOT to be done by assistors, but rather, done by the taxpayer. However, you can provide specific line item information from the tax return needed for the taxpayer to calculate the FOTW field. Fields include:

- Income Earned From Work (IEFW) = wages, plus business income, plus farm income
- Individual Retirement Account (IRA) Deductions = IRA payments, plus Self-Employment Retirement Plan deductions
- Untaxed IRA Distributions = Gross IRA distributions, minus taxable IRA distributions
- Untaxed pension portions = Gross pension/annuity, minus taxable pension/annuity

Note: DO NOT complete any calculations as the applicant needs to make those calculations.

If an actual transcript is needed, follow IRM 21.2.3.5.9.2, *IMF Transcript Ordering*.

Transcript Requests with Identity Theft (IDT) Issues

1. The Department of Education (ED) established a verification process for applicants who are victims of IDT and cannot secure a transcript through normal IRS channels. The ED agreed to accept the alternate transcript generated through the IRS Tax Return Data Base (TRDBV). The ED is advising applicants who are victims of IDT to contact the IPSU toll free number for assistance.
2. If taxpayers have an IDT indicator on their account or the assistor suspects IDT, refer to IRM 21.2.3.5.8, *Transcripts and Identity Theft*.

Amended Returns

The Department of Education (ED) discourages applicants from using the DRT if they have filed an amended tax return. A tax return transcript is not available to show the line-by-line changes for an amended return. For income verification purposes, ED has directed taxpayers to provide the following:

- a signed photocopy of the originally filed tax return, or a tax return transcript, or a record of account transcript, AND
- a signed copy of the Form 1040X, *Amended U.S. Individual Income Tax Return*

Income Driven Repayment Plans (IDR) - Adjusted Gross Income

1. The taxpayer is identified as a borrower of a student loan who is applying for a repayment plan.
2. The IRS deployed an enhancement to the FSA-D application to include repayment plans. While FSA-D retrieves tax return data for successfully authenticated student loan applicants, the new functionality retrieves only the adjusted gross income (AGI) of successfully authenticated borrowers applying for a repayment plan (IBR, ICR, PAYE) through the ED's StudentLoans.gov website.
3. The AGI for the requested tax year or one previous tax year is retrieved. For example, for 2012, the IDR tool will first check tax year 2012 and provide the 2012 AGI if it is available. If the 2012 data is not available, the IDR tool will check and return the 2011 AGI if that year is available. If neither year is available, the applicant will receive a message indicating that no data was found.

Follow the instructions in the table below:

If	Then
Scenario 1: The applicant requests technical support to resolve an error message (unable to provide the federal income information, technical difficulties, data not found) or a broken	Refer the applicant to ED's Direct Loan Applicant Services Center at 1-800-557-7394.
	Note: Do not attempt to provide any

link issue.

Scenario 2: The applicant cannot authenticate (applicant entries do not match IRS records) and requests entity information

technical support.

Follow Disclosure guidelines as outlined in IRM 21.1.3.2.3, *Required Taxpayer Authentication*, and provide the requested information.

Note: If the assistor suspects IDT, refer to IRM, 10.5.3.2.5.2, *IRS Initiated Suspicion of Identity Theft - TC 971 AC 522 IRSID* and IRM 21.9.2.3, *Identity Theft-Telephone Overview*.

Scenario 3: The applicant requests AGI figures after receiving the message "No Data was found."

Follow Account/Refund Inquiry procedures as outlined in IRM 21.4.1, *Refund Research*.

Effect on Other Documents: This guidance will be incorporated into IRM 21.3.13, Department of Education (ED) Procedures, by December 1, 2014.

Effective Date: March 13, 2014

Contact: If you have any questions, please contact Rosemary Rixey (SE:W:CAS:PCS) at 412-926-8474 or via email at rosemary.rixey@irs.gov.

Distribution: www.IRS.gov (Meets E-FOIA criteria)