

## Part IV – Items of General Interest

Limited Penalty Relief for Filers of Form 1098-T, *Tuition Statement*, Under Section 6724(f).

### Announcement 2016-03

This announcement provides notice that the IRS will not impose penalties under section 6721 or 6722 on eligible educational institutions required to file Forms 1098-T, *Tuition Statement*, for the 2015 calendar year, solely because they fail to include a student's correct taxpayer identification number (TIN) on Form 1098-T. This announcement is limited to 2015 Forms 1098-T required to be filed by eligible educational institutions by February 29, 2016, or March 31, 2016 (if filed electronically). This announcement does not provide penalty relief for any other failure that would cause a filer to be subject to penalties under section 6721 or 6722, or any other penalty under any provision of the Code.

Section 6050S(a)(1) requires eligible educational institutions to file information returns (Form 1098-T) with the IRS and to furnish written statements to taxpayers relating to qualified tuition and related expenses paid to or billed by the eligible educational institution. Section 6050S(b)(2) provides that these information returns must contain, among other things, the name, address, and TIN of any individual who is

enrolled at the institution and the amount of qualified tuition and related expenses paid or billed.

Section 6721 imposes a penalty on an eligible educational institution that fails to file correct and/or timely information returns with the IRS. Section 6722 imposes a penalty on an educational institution that fails to furnish correct and/or timely written statements to the student. However, section 6724(a) provides that the penalty under section 6721 or 6722 may be waived if it is shown that the failure was due to reasonable cause and not due to willful neglect.

The Trade Preferences Extension Act of 2015 (Public Law 114-27 (129 Stat. 362 (Jun. 29, 2015)) (TPEA) recently amended section 6724. Section 805 of TPEA amended section 6724 by adding a new subsection (f), which provides that no penalty will be imposed under section 6721 or 6722 against an eligible educational institution solely by reason of failing to include an individual's TIN on a Form 1098-T or related statement if the institution contemporaneously certifies under penalties of perjury in the form and manner prescribed by the Secretary that it has complied with the standards promulgated by the Secretary for obtaining such individual's TIN. The provision applies to returns required to be made and statements required to be furnished after December 31, 2015.

Relief under section 6724(f) applies only to eligible educational institutions and does not apply to insurers required to file Forms 1098-T under section 6050S(a)(2) or to persons engaged in the business of servicing student loans and obligated under section 6050S(a)(3) to report on Form 1098-E student loan interest aggregating \$600 or more for a calendar year.

The IRS is unable to make necessary programming and form changes to implement section 6724(f) with respect to Forms 1098-T for the 2015 calendar year. The IRS, therefore, will not impose penalties under section 6721 or 6722 against an eligible educational institution that timely files or furnishes 2015 Forms 1098-T or statements with missing or incorrect TINs during 2016. This penalty relief does not apply to other failures subject to a penalty under section 6721 or 6722, such as failure to file 2015 Forms 1098-T timely, or a failure to include all of the other information required to be included on the Form 1098-T.

In addition, this penalty relief does not apply to Forms 1098-T for years prior to the 2015 calendar year that were required to be filed before January 1, 2016, but are actually filed during 2016. For information about penalty relief related to Forms 1098-T for calendar years prior to 2015, see the IRS information release at, <https://www.irs.gov/uac/Newsroom/For-Colleges-and-Universities:-IRS-Waives-Penalties-for-Missing-or-Incorrect-Taxpayer-Identification-Numbers>. Procedures implementing section 6724(f) for Forms 1098-T and statements required to be filed after December 31, 2016, will be provided in separate guidance.

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