Exempt Organizations Technical Guide

TG 44: Qualified Tuition Programs – IRC Section 529

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I. Overview

(1) This Technique Guide (TG) discusses the requirements to establish and maintain a qualified tuition program under Internal Revenue Code Section 529, also known as 529 accounts.

(2) The topics covered in this TG include the:
   a. Qualifications for exemption
   b. Tax treatment for beneficiaries, contributions and distributions
   c. Coordination with other programs, such as the American Opportunity and Lifetime Learning Credit under Section 25A, Coverdell Education Savings Account (ESA), and Achieving a Better Life Experience (ABLE) program under Section 529A.

A. Background / History

(1) College savings plans, currently known as Qualified Tuition Programs, originated with the states rather than the federal government. The first prepaid tuition plan was created in the state of Michigan in 1986. The state of Michigan paid federal income tax on the plan’s investment earning and filed suit for a refund from the Internal Revenue Service (IRS). The courts at first decided in favor of the IRS but in 1994, the U.S. Court of Appeals for the Sixth Circuit ruled that the income from the college savings plans should not be subject to federal income tax. See Michigan v. United States, 40 F.3d 817 (6th Cir. 1994).

(2) In 1996, Section 529 was added to the Internal Revenue Code as part of the Small Business Job Protection Act. This provided tax exemption to qualified state programs and deferred tax on the participants’ undistributed earnings.

(3) The Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 exempted the earnings of a Section 529 plan from federal income tax as opposed to deferring the tax on the undistributed earnings. The Pension Protection Act of 2006 made all EGTRRA changes to Section 529 plans from previous bills permanent including tax-free treatment of qualifying distributions.

(4) The Protecting Americans from Tax Hikes Act of 2015 (PATH Act), enacted on December 18, 2015, added a special rule for a beneficiary of a 529 plan, usually a student, who receives a refund of tuition or other qualified education expenses. This can occur when a student drops a class mid-semester. If the beneficiary recontributes the refund to any of his or her 529 plans within 60 days, the refund is tax-free.

(5) The Tax Cut and Jobs Act of 2017 (TCJA) allows distributions from 529 plans to be used to pay up to a total of $10,000 of tuition per beneficiary (regardless of the number of contributing plans) each year at an elementary or secondary (K-12) public, private or religious school of the beneficiary’s choosing. TCJA also allows a limited amount of funds to be rolled over from a designated beneficiary’s 529 plan to an ABLE account for the same beneficiary or a family
ABLE accounts are tax-favored accounts for certain people who become disabled or blind before age 26 (age 46 for taxable years beginning after December 31, 2025,) designed to enable these people and their families to save and pay for disability-related expenses.

B. Relevant Terms

(1) **Designated Beneficiary:** Generally, a designated beneficiary is an individual designated when enrollment in the program starts, and the individual is expected to receive the amounts paid (or to be paid) into the qualified tuition program. See Section 529(e)(1).

(2) **Member of the Family:**

Member of the family means, for any designated beneficiary:

a. The beneficiary’s spouse

b. An individual related to the beneficiary as:

   • A child or a descendant of a child
   • A brother, sister, stepbrother, or stepsister
   • The father or mother, or an ancestor of either
   • A stepfather or stepmother
   • A niece or nephew
   • An aunt or uncle
   • A son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law

c. The spouse of any individual described in b. above

d. Any first cousin

(3) **Qualified Higher Education Expenses:** In general, this term includes tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a designated beneficiary at an eligible educational institution. Additionally, this term includes certain expenses for a computer, software, or internet access and related services to be used by the designated beneficiary during the years of enrollment. The term also includes certain room and board expenses in the case of a designated beneficiary attending at least half-time. And in the case of a special needs beneficiary, this term includes certain expenses for special needs services.

(4) **Qualified Elementary and Secondary Education Expenses:** Expenses for no more than $10,000 of tuition, incurred by a designated beneficiary, in connection with enrollment or attendance at an eligible elementary or secondary school.
Eligible Educational Institution: An eligible educational institution is generally any college, university, vocational school, or other postsecondary educational institution eligible to participate in a student aid program administered by the Department of Education. See Section 529(e)(5).

C. Law / Authority

(1) Section 529(a) states that a qualified tuition program shall be exempt from taxation under this subtitle. Notwithstanding the preceding sentence, such program shall be subject to the taxes imposed by Section 511 (relating to imposition of tax on unrelated business income of charitable organizations).

(2) Section 529A(a) states that, a qualified ABLE program shall be exempt from taxation under this subtitle. Notwithstanding the preceding sentence, such program shall be subject to the taxes imposed by Section 511 (relating to imposition of tax on unrelated business income of charitable organizations).

(3) Section 530(a) states that, a Coverdell education savings account shall be exempt from taxation under this subtitle. Notwithstanding the preceding sentence, the Coverdell education savings account shall be subject to the taxes imposed by Section 511 (relating to imposition of tax on unrelated business income of charitable organizations).

(4) Proposed Treasury Regulation (Treas. Reg.) 1.529-1, Qualified State tuition program, unrelated business income tax and definitions

(5) Proposed Treas. Reg. 1.529-2, Qualified State tuition program described

(6) Proposed Treas. Reg. 1.529-3, Income tax treatment of distributees

(7) Proposed Treas. Reg. 1.529-4, Time, form, and manner of reporting distributions from QSTPs and backup withholding

(8) Proposed Treas. Reg. 1.529-5, Estate, gift, and generation-skipping transfer tax rules relating to qualified State tuition programs

(9) Proposed Treas. Reg. 1.529-6, Transition rules

(10)Internal Revenue Service Notice 2001-81: Section 529 Programs, 2001-2 C.B. 617 (2001)


(12)Internal Revenue Service Notice 2016-13: Transition Relief for Certain Section 529 Qualified Tuition Programs Required to File Form 1099-Q, Payments from Qualified Education Programs (Under Sections 529 & 530), 2016-7 I.R.B. 314 (2016)

II. Qualified Tuition Programs (QTP)

(1) A Qualified Tuition Program (QTP) is a program set up to allow an individual to either prepay or contribute to an account established for paying a student’s qualified higher education expenses.

A. Qualified Tuition Program (QTP) Described

(1) QTP’s can be established and maintained by either:

   a. A State, or an agency or instrumentality of a State, or by
   b. One or more eligible educational institutions.

   See Section 529(b)(1).

(2) Section 529(e)(5) defines eligible educational institution as an institution that is described in Section 481 of the Higher Education Act of 1965 as in effect on the date of the enactment of this paragraph and is eligible to participate in a program under title IV of such act. An eligible educational institution can be a postsecondary school.

   a. An eligible postsecondary school is generally any accredited public, nonprofit, or proprietary (privately owned profit-making) college, university, vocational school, or other postsecondary educational institution.

   b. The postsecondary school must be eligible to participate in student aid programs administered by the U.S. Department of Education under Title IV of the Higher Education Act of 1965.

   c. An eligible educational institution also includes certain educational institutions located outside the United States that are eligible to participate in a student aid program administered by the U.S. Department of Education.

A.1. Prepaid Educational Arrangement or Contract

(0) Under a Prepaid Educational Arrangement or Contract, a State (or its agencies or instrumentalities) or one or more eligible educational institutions may establish and maintain a QTP that allows a person to purchase tuition credits or certificates on behalf of a designated beneficiary which entitle the beneficiary to the waiver or payment of qualified higher education expenses. See Section 529(b)(1)(A)(i).

A.2. Educational Savings Account Arrangement

(1) In the case of an Educational Savings Account Arrangement, which is QTP established and maintained by a State (or its agencies or instrumentalities), a person is permitted to make contributions to an account established for the purpose of meeting the qualified higher education expenses of a designated beneficiary. See Section 529(b)(1)(A)(ii).
A.3. Qualified Tuition Programs by Educational Institutions

(1) A qualified tuition program (QTP), established and maintained by one or more eligible educational institutions, must:

a. Ensure that the contribution amounts are held in a “qualified trust.” A qualified trust means a trust which is created or organized in the United States for the exclusive benefit of designated beneficiaries and meets the requirements of Section 408(a)(2) and Section 408(a)(5). The requirements of Sections 408(a)(2) and (a)(5) require, respectively, i) that the trustee is a bank or another person who can demonstrate that that person will administer the trust consistent with the requirements of Section 408, and that ii) the assets of the trust won’t be commingled with other property except in a common trust fund or common investment fund.

b. Receive a ruling or determination from the Internal Revenue Service that the program meets the applicable requirements for a QTP. See Section 529(b)(1).

A.4. Additional Requirements for Qualified Tuition Programs

(1) The following qualifications apply to any type of QTP:

a. Contributions and purchases must be made only in cash.

b. The program must have separate accounting for each designated beneficiary.

c. Neither the contributor nor designated beneficiary may, directly or indirectly, direct the investment of any contributions or earnings on the contributions more than two times in any calendar year.

d. No interest in the program, or any portion of an interest, may be used as security for a loan.

e. The program must have adequate safeguards to prevent contributions from exceeding the amount necessary to provide for the qualified higher education expenses of the beneficiary.

See Section 529(b)(2) to 529(b)(6).

B. Qualified Expenses

(1) The following section defines qualified higher education expenses.

B.1. Qualified Higher Education Expenses

(0) “Qualified Higher Education Expenses” means tuition, fees, books, supplies, and equipment a designated beneficiary must have to enroll or attend an eligible educational institution. See Section 529(e)(3)(A)(i).

(1) Qualified higher education expenses also include certain room and board expenses for an eligible student, who is a person, during at least one academic period, and who:
a. Enrolls or is accepted for enrollment in a qualifying degree, certificate, or other program at an eligible educational institution and

b. Carries at least one-half the normal full-time workload for the course of study the student is pursuing ("workload requirement"). See Section 25A(b)(3) and Treas. Reg. Section 1.25A-3(d)(1)(ii). Generally, the eligible educational institution determines whether a student has met the workload requirement. See Treas. Reg. Section 1.25A-3(d)(1)(ii).

(2) The amount of room and board treated as qualified higher education expenses may not exceed:

a. The allowance that applies to the student for room and board included in the cost of attendance. This allowance is defined in Section 472 of the Higher Education Act of 1965 (20 USC 1087ll) as in effect on June 7, 2001, (the date of enactment of 107 P.L. 16, 115 Stat. 38, Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA)) as determined by the eligible educational institution for that period; or

b. If greater, the actual invoice amount charged to the student for room and board costs to reside in housing owned or operated by the eligible educational institution for that period.

See Section 529(e)(3)(B).

(3) Expenses, for special needs services for a special needs beneficiary, incurred to permit that individual's enrollment or attendance are also qualified higher education expenses. See Section 529(e)(3)(A)(ii).

(4) Expenses for the purchase of computer or peripheral equipment, computer software, or Internet access and related services qualify if the designated beneficiary primarily uses the equipment, software, or services during any of the years the beneficiary is enrolled at an eligible educational institution. Expenses for computer software designed for entertainment such as sports, games, or hobbies aren't included unless the software is predominately educational in nature. See Section 529(e)(3)(A)(iii).

B.2. Treatment of Elementary and Secondary School Tuition

(1) Notice 2018-58, 2018-33 IRB provided clarification regarding new rules under Section 529(c)(7) treating certain elementary or secondary school expenses as qualified higher education expenses.

(2) For years after 2017, distributions from a QTP may be used for up to $10,000 of tuition expenses per year per beneficiary in connection with enrollment or attendance of the designated beneficiary at an elementary or secondary public, private, or religious school. See Section 529(c)(7) and Section 529(e)(3)(A).

C. Tax Treatment of Designated Beneficiaries and Contributions

(1) Section 529(c) discusses the tax treatment of QTPs with respect to the designated beneficiaries and contributors.
C.1. Federal Tax Income Treatment

(0) Section 529(c)(1) states that, except as otherwise provided with respect to any distribution or earnings under a QTP, no amount should be included in gross income of:

a. A designated beneficiary under such QTP, or
b. A contributor to such program on behalf of a designated beneficiary.

(1) Contributions made to a QTP are not deductible from income for federal income tax purposes. The contributions are made to the QTP using after-tax dollars. In contrast, some States allow their residents to deduct a part or all of contributions to a QTP from their state income taxes if they contribute to an in-state plan.

C.2. Gift Tax Treatment of Contributions

(1) A contribution to a QTP is generally not subject to the gift tax if the amount contributed is less than the annual gift tax exclusion. Section 529(c)(2) states the following:

a. Any contribution to a QTP on behalf of any designated beneficiary shall be treated as a completed gift to the beneficiary, which is not a future interest in property, and shall not be treated as a qualified transfer under Section 2503(e).

b. If the donor’s aggregate amount of contributions during a calendar year exceeds the limitation [under Section 2503(b)], the aggregate amount shall, at the election of the donor, be taken into account for purposes of such section ratably over the 5-year period beginning that calendar year.

c. Accordingly, for 2023, when the annual gift tax exclusion under Section 2503(b) is $17,000 per donee, if a donor elects to ratably spread the contribution over 5 years, a donor’s contribution to a QTP on behalf of a designated beneficiary that exceeds $85,000 will reduce the donor’s available lifetime gift and estate tax exemption. If the donor does not have sufficient available lifetime gift and estate tax exemption, the amount greater than $85,000 will be subject to gift tax in whole or in part, depending upon available lifetime exemption.

C.3. Distributions

(1) Any distribution with respect to a QTP, whether in cash or in-kind, is includible in the distributee’s gross income in the manner as provided under Section 72 of the Code, if not excluded from income under another part of the Code. See Section 529(c)(3)(A).

(2) If amounts distributed from a QTP are equal to or less than the amounts paid for qualified higher education expenses, including tuition for elementary and secondary education of up to $10,000 per year, then none of the earnings included in the distribution are subject to income tax. See Section 529(c)(3)(B).
Notice 2018-58 addresses a change included in the 2017 TCJA. The change provides that qualified higher education expenses include tuition in connection with the designated beneficiary’s enrollment or attendance at an elementary or secondary public, private, or religious school, but that such qualified higher education expenses are limited to a total of $10,000 per year per designated beneficiary, regardless of the number of QTPs making such distributions for that same designated beneficiary.

If the QTP distribution amounts exceed the qualified higher education expenses, including tuition for elementary and secondary education up to $10,000 per year, or if the designated beneficiary has other tax-favored or tax-free education benefits for the same year, Sections 529(c)(3)(B)(v) and (vi) coordinate with the American Opportunity Tax Credit (formerly Hope scholarship credit), Lifetime Learning Credit, and Coverdell education savings account (ESA), and may result in some part or all of the earnings in excess of the qualified tuition distribution being subject for federal income tax.

Investment basis in the QTP is recovered ratably with each distribution that is comprised of a portion of the account’s basis and is returned without being subjected to federal income tax, while the remaining portion is an allocation of the accumulated earnings (if any) and may be taxable.

See Publication 970, Tax Benefits for Education, for additional information on adjustments and allocations that may be considered for distributions from QTPs to determine whether an exclusion from taxation is available.

C.4. Changes in Designated Beneficiaries

(1) A distribution (rollover) from a QTP that is, within 60 days of such distribution, transferred to another QTP for the benefit of the same designated beneficiary isn’t considered a distribution subject to federal income tax as long as that transfer isn’t within 12 months from the date of a previous transfer to any QTP for the benefit of the designated beneficiary. See Sections 529(c)(3)(C)(i)(I) and 529(c)(3)(C)(iii).

(2) A distribution (rollover) from a QTP that’s within 60 days of that distribution, transferred to the credit of another designated beneficiary who is a member of the family of the designated beneficiary for whom the distribution was made, isn’t considered a distribution subject to federal income tax. See Section 529(c)(3)(C)(ii).

(3) A distribution (rollover) from a QTP that’s within 60 days of that distribution, and before January 1, 2026, transferred to an ABLE account of the designated beneficiary or a member of the family of the designated beneficiary isn’t considered a distribution subject to federal income tax. The amount of any rollover to an ABLE account is limited to the amount that, when added to all other contributions made to the ABLE account for the taxable year, does not exceed the contribution limit for the ABLE account, i.e., the annual gift tax exclusion amount. See Section 529(c)(3)(C)(i)(III).
(4) A change in the designated beneficiary of an interest in a QTP isn’t considered a distribution subject to federal income tax if the newly designated beneficiary is a member of the family of the former designated beneficiary. See Section 529(c)(3)(C)(ii).

C.5. Special rule for contributions of refunded amounts.

(1) If a student receives a refund of any qualified higher education expenses paid by a QTP distribution (e.g., refund when a student drops a class mid-semester), the student can recontribute the refunded amounts into the designated beneficiary’s QTP within 60 days after the date of the refund to avoid the need to figure the taxable part of the distribution. See Section 529(c)(3)(D).

C.6. Estate Tax Treatment

(1) Section 529(c)(4) describes the estate tax treatment that applies to a contributor to or a designated beneficiary of a QTP.

(2) In general, no amount shall be includible in the gross estate of any individual for purposes of chapter 11 Section 2001 (Estate Tax, Imposition and rate of tax) by reason of an interest in a QTP. There are certain situations where the amount would be includable which is described in Section 529(c)(4)(B) and (C).

C.7. Other Gift Tax Rules

(1) Section 529(c)(5) describes the gift tax treatment of contributions, distributions, changes in designated beneficiaries, and other transfers of QTP interests.

(2) Generally, a distribution from a QTP will not be treated as a taxable gift.

(3) A distribution from a QTP will be treated as a taxable gift if there is a transfer by reason of a change in the designated beneficiary or a rollover to the account of a new beneficiary unless the new beneficiary is assigned to the same generation as (or a higher generation than) the old beneficiary and it is a member of the family of the old beneficiary.

C.8. Additional Tax

(1) A QTP is required to furnish a Form 1099-Q to designated beneficiaries to report the gross distribution amounts and the portion of the gross distribution attributable to earnings. A designated beneficiary who receives a Form 1099-Q must determine whether the reported distributions were properly used to pay qualified higher education expenses to exclude any earnings reported as part of a distribution from federal income taxation. However, if the designated beneficiary determines that any part of the distribution wasn’t used to pay qualified higher expenses, part of the earnings portion of the distribution must be included in the designated beneficiary’s gross income. The taxable earnings are also subject to an additional 10% tax imposed by Section 529(c)(6) and Section 530(d)(4). These taxable amounts are reported on Form 5329, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts.
(2) The amount of the earnings portion of the distribution included in income is subject to the additional 10% tax unless it’s:

a. Made to a beneficiary (or to the estate of the designated beneficiary) on or after the death of the designated beneficiary.

b. Attributable to the designated beneficiary being disabled (within the meaning of Section 72(m)(7)).

c. Paid on account of a scholarship, allowance, or payment described in Section 25A(g)(2) received by the designated beneficiary to the extent the amount of the distribution does not exceed the amount of the scholarship, allowance, or payment.

d. Paid on account of the designated beneficiary’s attendance at a U.S. military academy listed in Section 530(d)(4)(B)(iv) that doesn’t exceed certain costs of advanced education (as defined in Section 530(d)(4)(B)(iv)) attributable to that attendance.

e. Includible in income solely because the qualified higher education expenses were taken into account in determining the American Opportunity tax credit (formerly Hope scholarship credit) or Lifetime Learning credit.

C.9. Treatment of Certain Expenses Associated with Registered Apprenticeship Programs

(1) Section 529(c)(8) provides that the term “qualified higher education expenses” includes certain expenses associated with a designated beneficiary participating in a registered apprenticeship program.

(2) To qualify, the expenses must be for fees, books, supplies, and equipment required for the designated beneficiary to participate in the apprenticeship program.

(3) Only specific apprenticeship programs qualify. Specifically, the apprenticeship program must be registered and certified by the Secretary of Labor under section 1 of the National Apprenticeship Act (29 U.S.C. 50).

C.10. Treatment of Qualified Education Loan Repayments

(1) Section 529(c)(9) discusses the treatment of qualified education loan repayments.

(2) In general, the term qualified higher education expense includes amounts paid as principal or interest on any qualified education loan (as defined in Section 221(d)) of the designated beneficiary or a sibling of the designated beneficiary.

(3) The amount of distributions treated as a qualified higher education expense with respect to the loans of any individual shall not exceed $10,000 (reduced by the amount of distributions so treated for all prior taxable years.)
(4) For siblings of the designated beneficiary, amounts treated as a qualified higher education expense with respect to the loans of a sibling of the designated beneficiary shall be taken into account with respect to such sibling and not with respect to such designated beneficiary.

(5) The term sibling means an individual who bears a relationship to the designated beneficiary which is described in Section 152(d)(2)(B).

D. Form 1099-Q and Other Reporting Requirements

(1) Section 529(d) state that a QTPs officers, an employee having control, or their designee are required to provide reports about the program to the Secretary and to designated beneficiaries with respect to contributions, distributions, and such other matters as the Secretary may require. Furthermore, they must file these reports at the time and manner and furnish them to individuals at the time and in the manner the Secretary requires.

(2) This provision is met by furnishing Form 1099-Q, Payments from Qualified Education Programs, reporting

   a. The amount of the gross distribution, and
   b. The portion of the gross distribution attributable to earnings to designated beneficiaries
   c. On or before January 31 of the year following the calendar year in which the distribution is made, and

   Submitting the Form 1099-Q to the IRS on or before February 28, or March 31 if filed electronically, of that same year.

(3) Further, a Form 1099-Q is not required to change the name of the designated beneficiary for a QTP interest if the new beneficiary is a member of the family of the former beneficiary.

(4) A person required to file a report under Section 529(d) for QTPs must pay a penalty of $50 for each failure unless it is shown that this failure is due to reasonable cause. See Section 6693(a).

(5) Notice 2001-81, 2001-2 CB 617, provides guidance on certain recordkeeping, reporting and other requirements applicable to QTPs described in Section 529 made by the Economic Growth and Tax Relief Reconciliation Act of 2001 (Pub. L. No. 107-16, 115 Stat. 38) for taxable years beginning after December 31, 2001. The notice states that this guidance will be incorporated in final regulations under Section 529 and programs and participants may rely upon Notice 2001-81 until final regulations are published.

(6) Notice 2016-13, 2016-7 IRB 314, provides transition relief for Section 529 QTPs that timely file a 2015 Form 1099-Q, Payments From Qualified Education Programs (under Sections 529 and 530), that doesn’t reflect the repeal of the aggregation requirement under Section 529(c)(3)(D) that applies to distributions from QTPs. The Protecting Americans from Tax Hikes Act of 2015 (PATH Act),
enacted on December 18, 2015, repealed Section 529(c)(3)(D) to eliminate the aggregation requirement, effective for distributions made after December 31, 2014.

(7) Notice 2018-58, 2018-33 IRB, contains:
   a. Special rules for contributions of refunded qualified higher education expenses to a QTP under Section 529(c)(3)(D).
   b. New rules under Section 529(c)(3)(C)(i)(III) permitting a rollover from a QTP to an ABLE account under Section 529A; and
   c. New rules under Section 529(c)(7) treating tuition expenses up to $10,000 per year in connection with a designated beneficiary’s enrollment or attendance at an elementary or secondary public, private, or religious school, (that is grades, kindergarten through grade 12) as qualified higher education expenses.

E. Resources
   (1) Publication 970, Tax Benefits for Education
   (2) Publication 907, Tax Highlights for Persons with Disabilities

III. Application and Return Requirements
   (1) The following section discusses the application, return and filing requirements for Qualified Tuition Programs under Section 529.

A. Application for Recognition of Exemption
   (1) A QTP does not have to file an application to receive exemption from taxation. However, a QTP established and maintained by one or more eligible educational institutions must have received a ruling or determination from the Internal Revenue Service that the program meets the applicable requirements for a QTP. See Section 529(b)(1).
   (2) Rev. Proc. 2024-1, 2024-1 I.R.B. 1 (Jan. 2, 2024) Section 3 states that taxpayers may request letter rulings, information letters, and closing agreements under this revenue procedure on issues within the jurisdiction of the Associate offices. Qualified tuition programs fall under the jurisdiction of the Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). See Rev. Proc. 2024-1, Section 3.02.

B. Annual Return
   (1) QTPs are not required to file Form 990, Return of Organization Exempt from Income Tax; Form 1041, U.S. Income Tax Return for Estates and Trusts; or Form 1120, U.S. Corporation Income Tax Return.
C. Other Filing Requirements

(1) A QTP may be required to file a Form 990-T, Exempt Organization Business Income Tax Return, when it has unrelated business taxable income. See Treas. Reg. sec. 1.6012-2(e).

(2) A QTP is required to furnish a Form 1099-Q to designated beneficiaries in the circumstances described in section C.8. of this TG.

(3) QTPs are subject to the tax imposed under Section 511 related to any unrelated business taxable income they earn. See Section 529(a).