



# Instructions for Forms 1098-E and 1098-T

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New for 2000?

**New products.** To help make it easier for you to get only the information you need to complete the Forms 1099, 1098, 5498, and W-2G you file, we are now providing general and specific form instructions as separate products. The new products you should use for 2000 are the **General Instructions for Forms 1099, 1098, 5498, and W-2G**, which contains general information concerning Forms 1098-E and 1098-T and forms in the 1099 series, and the separate specific instructions for each information return you file. If you prefer to have all the specific and general instructions in one booklet, the **2000 Instructions for Forms 1099, 1098, 5498, and W-2G** is also available.

**Reporting extended to 2000.** Notice 99-37, 1999-30 I.R.B. 124, extends the reporting requirements for 1999 to 2000. Thus, the 2000 Forms 1098-E and 1098-T contain the same information as required for 1999 with no additional reporting for 2000. However, please note that box 1 on Form 1098-E was retitled "Student loan interest received by lender."

**Magnetic media/electronic reporting.** For 2000, you are not required to, but you may, file Forms 1098-E and 1098-T magnetically or electronically.

**Penalties.** No penalties will be imposed for failure to file or failure to furnish correct Forms 1098-E or 1098-T if you made a good faith effort to file and furnish them.

## An Item To Note

You may use **Form W-9S**, Request for Student's or Borrower's Social Security Number and Certification, to obtain the student's or borrower's name, address, social security number, and student loan certification to be used when filing Form 1098-E or 1098-T. Use of Form W-9S is optional; you may collect the information using your own forms and procedures. You may collect the student's or borrower's information on paper or electronically.

**Electronic submission of Form W-9S.** An educational institution or lender may establish a system for students and borrowers to submit Form W-9S electronically, including by fax. Generally, the electronic system must:

1. Ensure the information received is the information sent, and document all occasions of user access that result in the submission.
2. Make it reasonably certain the person accessing the system and submitting the form is the person identified on Form W-9S.
3. Provide you with the same information as the paper Form W-9S.
4. Be able to supply a hard copy of the electronic Form W-9S if the Internal Revenue Service requests it.

Further, if an electronic Form W-9S is used to obtain the borrower's certification that all the loan proceeds are to pay solely for qualified higher education expenses, your electronic system must require as the final entry in the submission an electronic signature by the borrower whose name is on Form W-9S that authenticates and verifies the submission. See Announcement 98-27, 1998-1 C.B. 865.

## Specific Instructions for Form 1098-E

File **Form 1098-E**, Student Loan Interest Statement, if you receive student loan interest of \$600 or more from an individual during the year in the course of your trade or business. For 2000, report interest only on "covered" student loans that have a "covered period" ending during or after 2000.

The \$600 threshold applies to each borrower regardless of the number of student loans obtained by that borrower. However, you may file a separate Form 1098-E for each student loan of the borrower, or you may file one Form 1098-E for the interest from all student loans of the borrower.

**Who must file.** File Form 1098-E if you are a financial institution, governmental unit (or any of its subsidiary agencies), educational institution, or any other person who receives student loan interest of \$600 or more from an individual during the year in the course of your trade or business.

If more than one person has a connection with the loan, only the first person to receive the interest payment must file Form 1098-E. For example, a loan servicer or collection agent receiving payments on behalf of the lender must file.

**Covered student loan.** To be reportable, a student loan must have a covered period (defined below) ending during or after 2000 and must be either:

- Subsidized, guaranteed, financed, or otherwise treated as a student loan under a program of the Federal, state, or local government, or of a postsecondary educational institution or
- Certified by the borrower as a student loan. You may use Form W-9S to obtain the certificate.

**Covered period.** A covered period is generally the first 60 months after the loan enters repayment status. For loans other than consolidated, collapsed, or defaulted loans, the covered period begins on:

1. The date the loan went into repayment status or
2. January 1, 1998, if you do not know or have reason to know the date in 1 above.

A **consolidated loan** is a single loan refinancing more than one student loan. A **collapsed loan** is a set of loans of a single payer treated as a single loan for loan servicing purposes. For consolidated and collapsed loans, the covered period begins on:

1. The most recent date any of the loans subject to consolidation or collapse went into repayment status or
2. January 1, 1998, if you do not know or have reason to know the date in 1 above.

A **defaulted loan** is one for which required interest and principal payments were not made when due, you have declared the loan in default, and if applicable, you have sought recourse against the ultimate loan guarantor. For defaulted loans, the covered period begins on:

1. The date the loan went into repayment status,
2. The date the loan went into default if you do not know or have reason to know the date in 1 above, or
3. January 1, 1998, if you do not know or have reason to know the dates in 1 or 2 above.

The covered period ends the last day of the month that is 60 months after the period begins. However, the covered period is extended by the number of months the loan was subject to any grace period, deferment, or forbearance. After the 60 months

ends, stop reporting interest on that student loan if you know about such periods.

**Revolving accounts.** Report interest paid on revolving accounts, such as credit card accounts, only if the borrower certifies that all the loan proceeds are **solely** to pay for qualified higher education expenses. You do not have to verify the borrower's actual use of the funds. **Do not** report interest on mixed use loans.

**Loans under qualified plans.** **Do not** report interest on loans made under a qualified employer plan, as defined in section 72(p)(4). This includes interest on loans under a contract purchased under a qualified employer plan within the meaning of section 72(p)(5).

**Mortgage loans.** If you treated a loan as a mortgage before 1998 for purposes of reporting the interest on **Form 1098**, Mortgage Interest Statement, continue to report on Form 1098 even if the loan is used to pay for education expenses. For a loan made after 1997 that is secured by real property and made to acquire or improve real property, treat the loan as a mortgage and report the interest on Form 1098. For a loan made after 1997 that is secured by real property and certified by the borrower to be used solely for paying qualified higher education expenses, report the interest on Form 1098-E.

**Additional information.** For more information about reporting student loan interest see Notice 98-7, 1998-1 C.B. 339; Notice 98-54, 1998-2 C.B. 643; and Notice 99-37, 1999-30 I.R.B. 124.

**Statements to borrowers.** If you are required to file Form 1098-E, you must provide a statement to the borrower. For more information about the requirements to furnish a statement to the borrower, see part **H** in the **General Instructions for Forms 1099, 1098, 5498, and W-2G**.

**Recipient's/lender's name and address box.** Enter the name and address of the filer of Form 1098-E. Use this same name and address on **Form 1096**, Annual Summary and Transmittal of U.S. Information Returns.

**Borrower's name and address box.** Enter the name and address of the borrower.

**Box 1.** Enter the interest you received on a student loan(s) during the calendar year.

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## Specific Instructions for Form 1098-T



*The following are the requirements for reporting on Form 1098-T for 2000. However, in future years, you may be required to report additional information, such as qualified tuition and related expenses, tuition refunds, grants you process, and the name, address, and social security number of the person who can claim the student as a dependent.*

File **Form 1098-T**, Tuition Payments Statement, if you are an eligible educational institution that received qualified tuition and related expenses or made reimbursements or refunds of such tuition and expenses in 2000. File Form 1098-T for each student for whom you received the tuition or for whom you made the reimbursement or refund. File only one Form 1098-T for each student even if you received more than one tuition or other payment during the year.

**Exceptions.** You do not have to file Form 1098-T for students enrolled during the year only in courses for which the student receives no academic credit from your institution. Also, you do not have to file Form 1098-T for nonresident alien students, unless requested by the student. See Notice 98-59, 1998-2 C.B. 689.

**Who must file.** For 2000, you must file Form 1098-T if you are an eligible educational institution that received qualified tuition and related expenses in 2000. If you reimburse or refund tuition or related expenses to a student during 2000 that equal or exceed payments of qualified tuition and related expenses you received on behalf of that student during 2000, you are not required to file Form 1098-T. In addition, you are not required to file for a student whose tuition and related expenses were entirely waived or entirely paid with scholarships.

For 2000, if you are **not** an eligible educational institution, you are not required to file. However, in future years, you may be required to file Form 1098-T if you are in the trade or business of making payments to individuals under an insurance arrangement as refunds or reimbursements (or similar amounts) of qualified tuition and related expenses.

**Qualified tuition and related expenses.** Qualified tuition and related expenses are tuition and fees a student must pay to be enrolled at or attend an eligible educational institution. The following are **not** qualified tuition and related expenses:

- Amounts paid for any course or other education involving sports, games, or hobbies unless the course or other education is part of the student's degree program.
- Charges and fees for room, board, student activities, athletics, insurance, books, equipment, transportation, and similar personal, living, or family expenses.

**Eligible educational institution.** An eligible educational institution is a college, university, vocational school, or other postsecondary educational institution that is described in section 481 of the Higher Education Act of 1965 and, therefore, is eligible to participate in the Department of Education's student aid programs. This includes most accredited public, nonprofit, and private postsecondary institutions.

**Academic term.** You must file Form 1098-T for each student who is enrolled in your institution for any academic term (e.g., semester, trimester, or quarter) beginning in 2000. Determine your enrollment for each term using one of the following dates:

- 30 days after the first day of the academic term,
- A date during the term when enrollment data must be collected for purposes of the Integrated Postsecondary Education Data System administered by the Department of Education, or
- A date during the term when you must report enrollment data to the state, to your governing board, or to some other external governing body.

**Required for 2000.** For 2000, you are required to report on the form only the entity information, whether the student was at least a half-time student (box 3), and whether the student was a graduate student (box 4). **No other information is required for 2000.** See **Box 3** and **Box 4** below.

**Additional information.** For more information about reporting on Form 1098-T, see Notice 97-73, 1997-2 C.B. 335; Notice 98-46, 1998-2 C.B. 290; and Notice 99-37, 1999-30 I.R.B. 124.

**Statements to students.** If you are required to file Form 1098-T, you must provide a statement to the student. For more information about the requirements to furnish a statement to each student, see part **H** in the **General Instructions for Forms 1099, 1098, 5498, and W-2G**.

**Student's address.** In the student's address box of Form 1098-T, enter the student's permanent address. That is, enter the student's home or other long-term address where he or she can receive forwarded mail. To increase the probability that the student will receive the Form 1098-T you mail, do not use a temporary address, such as a dormitory or off-campus temporary housing, unless you are aware that the student still lives there.

**Box 1.** No entry is required.

**Box 2.** No entry is required.

**Box 3.** Check this box if the student was at least a half-time student during any academic period that began in 2000. A half-time student is a student enrolled for at least half the full-time academic workload for the course of study the student is pursuing as determined by the standards of your institution. Your institution's standard for a full-time student workload must equal or exceed the standards established by the Department of Education under the Higher Education Act and set forth in 34 C.F.R. section 674.2(b).

**Box 4.** Check this box if the student was a graduate student. The student is a graduate student if the student was enrolled exclusively in a program or programs leading to a graduate-level degree, graduate-level certificate, or other recognized graduate-level educational credential.