

Penalty Relief for Colleges and Universities Filing IRS Forms 1098-T, Tuition Statement, for 2016

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Background. Colleges, universities, vocational schools and other postsecondary educational institutions are required to furnish Forms 1098-T to students and the **IRS annually reporting qualified tuition and related expenses paid by, or on behalf of, students.** Historically, the institution could report either (i) the aggregate amount received for qualified tuition and related expenses, or (ii) the aggregate amount billed for such tuition and expenses.

Filing Due Dates. 2016 Forms 1098-T must be provided to students by January 31, 2017 and to the IRS by February 28, 2017 (March 31, 2017 if filed electronically).

New 2016 Law. **For 2016 and subsequent years, Form 1098-T reporting must be based on the aggregate amount received.** Reporting can no longer be based on the amount billed.

2016 Penalty Relief. Due to concerns raised by educational institutions that implementation of the New 2016 Law would require software reprogramming and other changes that could not be implemented in time to meet the filing due dates for the 2016 Forms 1098-T, the IRS announced (Announcement 2016-17) that it will not impose penalties on institutions that file the 2016 Form 1098-T based on the amount billed.

The Limitation. This penalty relief applies only to 2016 Forms 1098-T and it does not apply with respect to any other errors on the 2016 Forms 1098-T.