



Advisory Report 2014-1

National Association of College and
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Collecting Taxpayer Identification Numbers for Form 1098-T Reporting

This report is intended to help colleges and universities think through the steps they should take to collect student TINs in order to meet their reporting obligations and avoid potential fines. It is not intended to provide tax advice. Each institution will need to determine how to proceed.

Two earlier reports offer a better understanding of the reporting requirements related to Form 1098-T in general:

- [*Advisory Report 2013-1, IRS Form 1098-T: Responding to Penalty Notices for Missing or Incorrect Taxpayer Information Numbers*](#)
- [*Advisory Report 2013-2, Recommendations for Completing Form 1098-T*](#)

In order to comply with Internal Revenue Service (IRS) requirements to report tuition payments and other information on Form 1098-T, higher education institutions need to collect students' taxpayer identification numbers (TINs). For most students, their TIN is their Social Security number (SSN). Students who are not eligible for an SSN may have an individual taxpayer identification number, known as an ITIN.

To avoid being subject to fines for failure to report correct TINs on Form 1098-T, institutions must solicit any missing TINs:

- at least once a year
- in writing
- with a clear notice that the individual is required by law to provide the TIN so that it may be included on an information return

Many colleges and universities ask potential students to provide their TIN at the time of application. Some explain that it is being collected due to IRS regulations for the purpose of filing an information report. Reporting the TIN is usually optional. Once a student enrolls, the institution needs to take steps to obtain a valid TIN for each student as part of its enrollment/registration processes and if unsuccessful, solicit one at least annually in order to avoid fines.

The following recommendations for institutions to consider were compiled by a joint subcommittee of NACUBO's Student Financial Services and Tax Councils, with assistance from representatives of the American Association of Collegiate Registrars and Admissions Officers (AACRAO). For reference, the IRS regulations that spell out institutional responsibilities for collecting student TINs are included in Appendix A. Appendix B provides two sample substitute Forms W-9S that colleges and universities may customize to suit their needs.

Best Practices

Check for Valid TINs. Consider running a query to find erroneous TINs in the student information system. If a TIN is missing or does not meet the following criteria, it should be considered invalid and the student should be asked to correct or provide their TIN.

- Numeric with nine digits
- Cannot start with 000, 666
- Position 4-5 cannot be 00
- Last four digits cannot be 0000
- Cannot have nine digits the same, i.e. 222-22-2222
- Cannot be 123-45-6789
- Social Security numbers do not start with 9, but ITINs always start with a 9. Valid ITINs will have a group number (digits 4 and 5) between 70 and 99, except for 89 and 93.

Under current law, the IRS TIN matching service is not available for checking the validity of TINs used for 1098-T reporting. The matching service may be used when filing Forms W-2 and 1099.

Solicit Twice a Year. NACUBO recommends requesting a TIN in writing at least twice annually when one is missing or invalid. A good rule of thumb is to do this in early October and then again in early November, with a deadline in December. To ensure that all students who are enrolled in at least one unit during the calendar year are included in the TIN collection process, schools that have sessions starting in December may need to push the timeline later, at least for some students. The final request should be sent after the last opportunity for students to enroll in a term/session that begins prior to December 31. Alternatively, depending on your student body, you might decide to solicit TINs once in the spring and once in the fall. Note that under federal rules, electronic communication is considered “written.”

Because multiple areas of the campus need to be involved, it is important that all who share in this process participate in the planning and execution, and that communication among all departments and divisions be thorough and effective.

Plan and Coordinate Across Offices. Good communication among various functions is essential to successful compliance efforts. At most campuses, the bursar or student financial services office is responsible for 1098-T filings. At others, this responsibility rests with a tax compliance office. The registrar’s office is responsible for student records.

The office of the registrar generally has very specific processes regarding changing critical student bio-demographic information. It is important to engage the registrar or other appropriate officials in the request for TINs so that the process is in line with institutional policies and procedures. When setting deadlines, keep in mind that the staff in the registrar’s office will also need time to process TIN changes/additions.

Build on Existing Processes to Collect Accurate Records. Consider adding name verification to an existing address update process. This may be undertaken annually or during the registration process for each term. Work with your registrar to determine the best way to augment the address solicitation process to include a question asking students if their legal name has changed.

Use Form W-9S or a Substitute. Using the official IRS Form W-9S, “Request for Student’s or Borrower’s Taxpayer Identification Number and Certification,” ensures that IRS requirements for properly soliciting TINs are met. You may also devise your own substitute form. NACUBO developed customizable substitute Forms W-9S (included with this document) that remove references to borrowers, simplify the instructions, and add a signature line to provide a clear record for TIN changes. Attach the form to an email message, post it on the web, or make paper copies available to assist in collecting student TINs.

Warn Against Emailing TINs. Instruct students to mail or return the Form W-9S in person to the registrar’s office, and caution them against emailing due to security concerns. Uploading through a secure student portal will also work, if allowed on your campus. This warning should help to allay fears that your request is illegitimate or a “phishing” attempt.

Include Required Notifications. In order to meet regulatory requirements for fine waivers, clearly notify the student that the IRS requires the student to furnish a TIN (cite section 6109 of the Internal Revenue Code) and that failure to do so may result in an IRS penalty.

Utilize a Secure Student Portal. If you have the technological support, an efficient way to collect the TIN is through a secure student portal. If you utilize this process, provide an option for the student to refuse to provide a TIN (with warning of the possible IRS penalty). Retain a record of the electronic refusal.

Target Your Messages. It may be helpful, and create less student confusion, if you target the TIN solicitation to specific groups. This may require working with other offices that deal directly with special populations, such as international education, registrar, or financial aid. Your ability to target messages will depend on whether they are identifiable in your student information system. Some groups that might benefit from targeted messaging include: foreign students, high school students in dual enrollment programs, and undocumented or “Dream Act” students.

- *Foreign students*—Your registrar or foreign student administrators may be able to help you identify these students, their visa type, and status. Messages to these students should acknowledge that they are not U.S. residents and that they may or may not have a TIN. While institutions are not required to file 1098-Ts for nonresident aliens, many institutions do not maintain sufficient information in their student system to determine which international students are resident or nonresident aliens. You may want to allow these students to respond by indicating that they do not have a TIN and will not file a U.S. tax return.
- *High school students*—With the popularity of dual enrollment programs increasing, particularly at community colleges, high school students may comprise a significant population of those with missing TINs. First consider whether you need to file 1098-Ts for these students. If you do, ensure that enrollment/registration processes ask for the student’s TIN.
- *Undocumented students*—These students may be difficult to identify except in states that offer them assistance. Those with Deferred Action for Childhood Arrivals (DACA) are eligible for SSNs. Other undocumented students may obtain TINs but may not have done so. These students may require a “softer” message and might also benefit from information about their eligibility for the education tax credits.

Keep Records. Be sure to retain the list of students contacted each year and the message(s) sent. Additionally, you should retain a list of students who refuse (verbally or in writing) to provide their TIN.

Exercise Caution in Placing Holds for Noncompliance. NACUBO does not recommend that colleges and universities refuse services to students who fail to provide a TIN. Doing so would likely impact foreign students, undocumented resident aliens, and those few students who refuse to divulge their TIN for idiosyncratic reasons.

The Federal Privacy Act of 1974 (5 USC §552a) states that an individual cannot be denied a government benefit or service for refusing to disclose his SSN unless the disclosure is required by federal law, or the disclosure is to an agency that had been using SSNs before January 1975, when the Privacy Act went into effect. In general, disclosure is required by law to allow colleges and universities to comply with IRS reporting requirements. But institutions are not required to file 1098-Ts for all students, such as nonresident aliens, so it is not clear that the institution may compel disclosure. The student is potentially subject to federal fines for failure to provide a TIN, but the institution may avoid fines by showing that it has met the annual solicitation requirement.

Institutions may request SSNs/TINs from students as long as they inform the student whether that disclosure is mandatory or voluntary. If the request is mandatory, schools must inform the student of the specific statutory or other authority under which the number is solicited and what uses will be made of it. Institutions may require SSNs for the purposes of processing student aid, employment, and to meet other specific legal obligations including reporting tuition payments on Form 1098-T.

NACUBO Efforts

NACUBO continues to encourage the IRS to develop more reasonable procedures to ensure that higher education institutions comply with the 1098-T reporting requirements. The association has recommended that the IRS consider allowing schools to certify, at the time of filing, that they have met the requirements for soliciting missing TINs at least annually, or that the regulations be revised to allow institutions to stop filing Form 1098-Ts for students who have not provided their TINs.

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Appendix A. Relevant IRS Regulations

26 CFR 1.6050S-1(e)

(e) Penalty provisions—

(1) **Failure to file correct returns.** The section 6721 penalty may apply to an institution or insurer that fails to file information returns required by section 6050S and this section on or before the required filing date; that fails to include all of the required information on the return; or that includes incorrect information on the return. See section 6721, and the regulations thereunder, for rules relating to penalties for failure to file correct returns. See section 6724, and the regulations thereunder, for rules relating to waivers of penalties for certain failures due to reasonable cause.

(2) **Failure to furnish correct information statements.** The section 6722 penalty may apply to an institution or insurer that fails to furnish statements required by section 6050S and this section on or before the prescribed date; that fails to include all the required information on the statement; or that includes incorrect information on the statement. See section 6722, and the regulations thereunder, for rules relating to penalties for failure to furnish correct statements. See section 6724, and the regulations thereunder, for rules relating to waivers of penalties for certain failures due to reasonable cause.

(3) Waiver of penalties for failures to include a correct TIN—

(i) **In general.** In the case of a failure to include a correct TIN on Form 1098-T or a related information statement, penalties may be waived if the failure is due to reasonable cause. Reasonable cause may be established if the failure arose from events beyond the institution's or insurer's control, such as a failure of the individual to furnish a correct TIN. However, the institution or insurer must establish that it acted in a responsible manner both before and after the failure.

(ii) **Acting in a responsible manner.** An institution or insurer must request the TIN of

each individual for whom it is required to file a return if it does not already have a record of the individual's correct TIN. If the institution or insurer does not have a record of the individual's correct TIN, then it must solicit the TIN in the manner described in paragraph (e)(3)(iii) of this section on or before December 31 of each year during which it receives payments, or bills amounts, for qualified tuition and related expenses or makes reimbursements, refunds, or reductions of such amounts with respect to the individual. If an individual refuses to provide his or her TIN upon request, the institution or insurer must file the return and furnish the statement required by this section without the individual's TIN, but with all other required information. The specific solicitation requirements of paragraph (e)(3)(iii) of this section apply in lieu of the solicitation requirements of [§ 301.6724-1\(e\) and \(f\)](#) of this chapter for the purpose of determining whether an institution or insurer acted in a responsible manner in attempting to obtain a correct TIN. An institution or insurer that complies with the requirements of this paragraph (e)(3) will be considered to have acted in a responsible manner within the meaning of [§ 301.6724-1\(d\)](#) of this chapter with respect to any failure to include the correct TIN of an individual on a return or statement required by section 6050S and this section.

(iii) **Manner of soliciting TIN.** An institution or insurer must request the individual's TIN in writing and must clearly notify the individual that the law requires the individual to furnish a TIN so that it may be included on an information return filed by the institution or insurer. A request for a TIN made on Form W-9S, "Request for Student's or Borrower's Taxpayer Identification Number and Certification," satisfies the requirements of this paragraph (e)(3)(iii). An institution or insurer may establish a system for individuals to submit Forms W-9S electronically as described in applicable forms and instructions. An insti-

tution or insurer may also develop a separate form to request the individual's TIN or incorporate the request into other forms customarily used by the institution or insurer, such as admission or enrollment forms or financial aid applications.

(4) **Failure to furnish TIN.** The section 6723 penalty may apply to any individual who is required (but fails) to furnish his or her TIN to an institution or insurer. See section 6723, and the regulations thereunder, for rules relating to the penalty for failure to furnish a TIN.

Taken from the Legal Information Institute at Cornell University Law School found at <http://www.law.cornell.edu/cfr/text/26/1.6050S-1>.

Appendix B. Sample Substitute Forms W-9S

The IRS has provided Form W-9S to be used by higher education institutions, lenders, and tuition insurance providers required to file Forms 1098-E and 1098-T to collect TINs from students and borrowers of student loans. Many institutions use the IRS form. Colleges and universities are allowed to design substitute forms to serve the same purposes, as long as the required information to taxpayers is included.

With the assistance of SFS and Tax Council members, NACUBO has designed two sample substitutes for Form W-9S. The first keeps the look and feel of a traditional IRS form; the second offers a more open approach.

- The substitute forms provide a signature block for students to certify that they are providing their correct TIN. (The IRS form only offers a signature block for borrowers.) Institutional policies usually call for a signature or means of authentication before changing key identifiers in student records.
- References to borrowers have been removed to simplify the form and the instructions.
- The instructions are more succinct and less formal. A warning not to email the form has been added.
- Both forms allow the institution's name to be inserted in a number of areas (highlighted in yellow). The second form also provides room for an institutional logo.
- The second form includes an alternative signature block for students who do not provide a TIN, with two options for the student.

NACUBO members are welcome to use either of these sample forms, or to revise them further to meet their individual needs. Copies of the forms follow, but to customize them for use, access the Word documents on the NACUBO website.

[Substitute Form W-9S Version 1](#)

[Substitute Form W-9S Version 2](#)

The official version of Form W-9S is available on the IRS website at <http://www.irs.gov/pub/irs-pdf/fw9s.pdf>.

Form **W-9S**
(Substitute Oct 2014)

Request for Student's Taxpayer Identification Number and Certification

Give form to the requester. Do NOT send to the IRS.

Part I Student Identification

Please print or type	Name of student	Taxpayer identification number
	Address (number, street, and apt. or suite no.)	
	City, state, and ZIP code	

Part II Taxpayer Identification Number Certification

I certify that the number shown on this form is my correct taxpayer identification number.

Sign Here

Signature

Date

Part III Requester Information

Requester's name and address <Office, Inst Name, address, contact info>	Student ID number
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General Instructions

Purpose of form. An eligible educational institution, such as **<inst name>**, must get your correct identifying number to file Form 1098-T, Tuition Statement, with the IRS and to furnish a statement to you. This will be your social security number (SSN) or, if you are not eligible to obtain an SSN, your individual taxpayer identification number (ITIN). Form 1098-T contains information about qualified tuition and related expenses to help determine whether you, or the person who can claim you as a dependent, may take either the tuition and fees deduction or claim an education credit to reduce Federal income tax. For more information, see IRS Pub. 970, Tax Benefits for Higher Education.

Use Form W-9S to give your correct SSN or ITIN to **<inst name>**. Under federal law, you are required to provide the requested information.

Note: **<Inst name>** may request your SSN and certification using Form W-9S or by other means, such as electronically.

Specific Instructions

Part I. Student Identification

You must complete this part.

Name and address. Enter the name and mailing address of the student. The name should match that used by the Social Security Administration or Internal Revenue Service.

Taxpayer identification number. Enter your SSN or ITIN. If you do not have an SSN or ITIN, apply for one and fill out and return this form when you receive it.

Part II. Certification

Sign your name in the space provided.

Part III. Requester Information

This information is provided to identify the requestor and provide the address to which the form should be sent. Fill in your student account number in the box provided. **Note:** *Deliver or mail the completed form to the address provided. Do not email the form. Email is not a secure way to transmit personal information.*

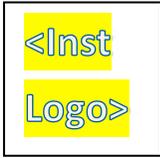
Penalties

Failure to furnish correct SSN. If you fail to furnish your correct SSN to the requester, you are subject to a penalty of \$50 unless your failure is due to reasonable cause and not to willful neglect.

Misuse of SSNs. If **<inst name>** discloses or uses your SSN in violation of Federal law, **<inst name>** may be subject to civil and criminal penalties.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to give your correct SSN or ITIN to persons who must file information returns with the IRS to report certain information. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice



Request for Student's Taxpayer Identification Number

(Substitute Form W-9S)

Return completed signed form, in person or by mail, to:

<Office of the Registrar>
 <Inst Name>
 <Address>

Do not submit this form to the IRS.

PART I	Name of Student	
	Address	
	Taxpayer Identification Number (SSN or ITIN) _ _ _ - _ _ - _ _ _	<Inst Name> Identification Number
PART II	I certify that the number shown on this form is my correct taxpayer identification number. _____ Signature Date	
OR		
PART III	<input type="checkbox"/> I am a foreign national/nonresident alien and do not have a Social Security number or individual taxpayer identification number. I do not plan to file an income tax return in the U.S. <input type="checkbox"/> I do not wish to provide my taxpayer identification number to <inst name> at this time. I understand that I may be subject to an IRS fine of \$50 for failure to do so. I further understand that the IRS will not be able to use the Form 1098-T filed by <inst name> to confirm my eligibility for certain education tax benefits without my taxpayer identification number. _____ Signature Date	

See instructions on back.

Instructions

Purpose. <Inst name> must get your correct identifying number to file Form 1098-T, Tuition Statement, with the IRS and to furnish a statement to you. This will be your Social Security number (SSN) or, if you are not eligible to obtain an SSN, your individual taxpayer identification number (ITIN). Form 1098-T contains information about qualified tuition and related expenses to help determine whether you, or the person who can claim you as a dependent, may take either the tuition and fees deduction or claim an education credit to reduce Federal income tax. For more information, see IRS Pub. 970, Tax Benefits for Higher Education.

Under federal law, you are required to provide the requested information.

Part I.

Enter your name and mailing address. The name should match that used by the Social Security Administration or Internal Revenue Service.

Taxpayer identification number. Enter your SSN or ITIN. If you do not have an SSN or ITIN, apply for one and fill out and return this form when you receive it.

Part II.

Sign your name in the space provided to confirm the information provided. The <registrar> cannot change your records without your signature.

Part III.

Please fill out this part only if you are unwilling or unable to provide a taxpayer identification number. Check either the first or second box and sign the statement. By law, <inst name> must ask you at least once a year for your taxpayer identification number in order to meet its obligation to file Form 1098-T.

Deliver or mail the completed form to the address provided. Do not email the form. Email is not a secure way to transmit personal information.

Penalties

Failure to furnish correct SSN. If you fail to furnish your correct SSN or ITIN to <inst name>, the IRS may impose a penalty of \$50 unless your failure is due to reasonable cause and not to willful neglect.

Misuse of SSNs. If <inst name> discloses or uses your SSN in violation of Federal law, <inst name> may be subject to civil and criminal penalties.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to give your correct SSN or ITIN to persons who must file information returns with the IRS to report certain information. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation and to cities and states to carry out their tax laws.