Regulations Update – 1098-Ts, TIN Validation, & You.

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Heartland™ Campus Solutions
ECSI

Who is Heartland ECSI?

Heartland ECSI Company Highlights

Leading provider of student loan billing services, payment processing, tuition and financial aid refunds, tuition payment plan administration, delinquent account recovery, 1098-T tax document services, campus cards, and multiple outsource services.

- Established in March 1972
- Largest campus-based student loan servicer in the U.S. – specializing in Federal Perkins, Health, Nursing, Primary Care, Institutional, Private Loans, Retail Installment Contracts, and Delinquent Accounts Receivables
- Largest "full service" 1098-T Tax Form Processer in the U.S. servicing hundreds of schools and delivering over 5,000,000 tax forms each year
- Proud partner of 2,700 Colleges and Universities in all 50 States, the District of Columbia, and Puerto Rico from our centralized Pittsburgh, PA-based office locations

Unmatched Industry Expertise

- Over 40 years of campus-based student loan servicing expertise with 200 employees
- Serviced over 7,000,000 students from 10,000+ different loan programs
  - Ohio State University = 225 Institutional Loan Funds
  - University of Michigan = 400 Institutional Loan Funds
  - University of Missouri – Columbia = 1,000 Institutional Loan Funds
- Over 10,000+ administrative (school) users
- 2,300+ new clients added to Heartland ECSI family during the last 10+ years (ex: 100% organic)
- 3 Year Revenue Growth of 85%
- 5 Consecutive Years on Inc. 500/500 List
- Among “Pittsburgh’s Fastest Growing Private Companies” for the past 5 years
- Over 400 ServicingSelect Implementations over past 10+ years
- 99.9% Client Retention Rate Since 1972
- Net Promoter Score of 71.30% in March 2015

A Solutions Overview

Heartland ECSI's Select Solutions

In support of the entire higher education and post-graduation life cycle.

ServicingSelect℠ PaymentSelect℠ TuitionSelect℠ RefundSelect℠

RecoverySelect℠ TaxSelect℠ OutsourceSelect℠

College

Graduate

Career

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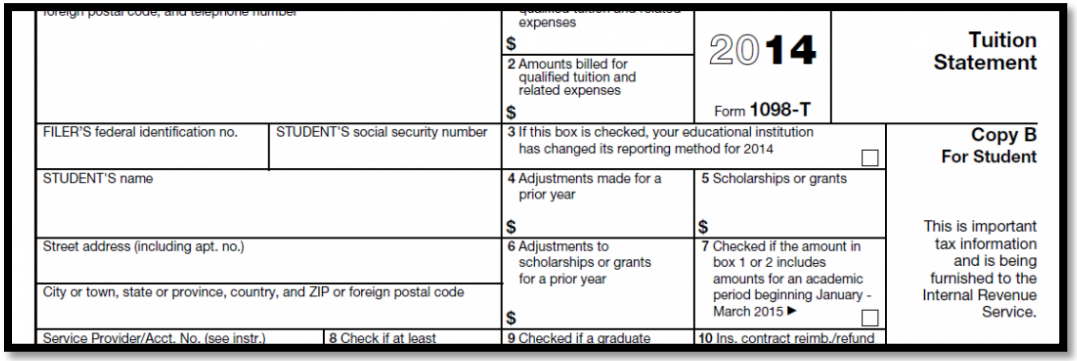
1098-T Overview

1098-T Overview

- Taxpayer Relief Act of 1997 (TRA-97) – Schools must file a 1098-T form for any enrolled student where a reportable transaction was made
- Reportable transaction = tuition & fees
- Requires the school to provide:
  - ✓ Name
  - ✓ TIN
  - ✓ Address
  - ✓ Amount of payments made or billed to the student for qualified tuition & related expenses
  - ✓ The amount of any grant aid or scholarships



		$ expenses	2014	Tuition Statement
		2 Amounts billed for qualified tuition and related expenses $	Form 1098-T	
FILER'S federal identification no.	STUDENT'S social security number	3 If this box is checked, your educational institution has changed its reporting method for 2014 ☐		Copy B For Student
STUDENT'S name		4 Adjustments made for a prior year $	5 Scholarships or grants $	
Street address (including apt. no.)		6 Adjustments to scholarships or grants for a prior year	7 Checked if the amount in box 1 or 2 includes amounts for an academic period beginning January - March 2015 ▶ ☐	This is important tax information and is being furnished to the Internal Revenue Service.
City or town, state or province, country, and ZIP or foreign postal code		$		
Service Provider/Acct. No. (see instr.)	8 Check if at least	9 Checked if a graduate	10 Ins. contract reimb./refund	

Who should get form 1098-T?

In general, colleges and universities must file Form 1098-T for any individual enrolled for any academic period and for whom the institution bills, or receives payment of, qualified tuition and related expenses during the calendar year. Institutions also must file Forms 1098-T for students who are not currently enrolled but for whom there was a prior-year adjustment made in the current year.

However, Form 1098-T does not need to be filed for:

- Students whose entire qualified tuition and related expenses were waived or paid for with a scholarship
- Students whose entire qualified tuition and related expenses were paid under a "formal billing arrangement" where the institution:
  - bills only an employer or governmental entity, and
  - does not maintain a separate financial account for the student
- Nonresident aliens, except upon request
- The noncredit courses in which a student is enrolled, even if the student also is enrolled in credit courses

Institutions may choose to report either amounts paid for qualified tuition and related expenses (Box 1) or amounts billed (Box 2) on the Form 1098-T. Grant aid or scholarships received by a student for payment of costs of attendance and processed and administered by the institution need to be reported in Box 5. The following information must also appear on the form:

- The name, address, and TIN of the institution or the service provider who filed the form, along with contact information and telephone number.
- The name, address, and TIN of the student. The address must be the long-term or permanent address. The institution may use a short-term address if no permanent one is provided by the student.

Reporting Criteria

Criteria for reporting payments (Box 1) or amounts billed (Box 2) for qualified tuition and related expenses on Form 1098-T

Determining qualified tuition and related expenses (QTRE) reported by institution:

1. Tuition and fees required for enrollment

2. Books and supplies charges, if required to be paid to institution

BUT NOT

a. Personal expenses (room, board, insurance, medical, travel, etc.)

b. Expenses for courses involving sports, games, or hobbies (unless part of degree program)

Note: Institutions have the option of reporting amounts paid for QTRE or amounts billed for QTRE. This choice does not affect which charges are components of QTRE.

Qualified Tuition & Related Expenses

Qualified Tuition and Related Expenses for Box 1 or 2 on Form 1098-T

Report	Do Not Report
Tuition & fees required for enrollment. Charges for books and supplies paid to institution.	The following charges are generally not mandatory and/or cover personal expenses
Tuition	Tuition or other charges for courses related to sports, games, or hobbies (unless count towards degree)
Books, equipment, supplies (if required to be purchased from institution)	Dining/meal plan charges
Course or program fees (e.g., lab, art, music)	Health or disability insurance fees (even if required; excluded by statute)
Distance learning fees	Housing charges
Enrollment confirmation fees	Late payment fees
Exam fees (for placement, testing out of credit courses, or if required for degree program)	Library fines
Information & technology fees	Loan processing fees
Malpractice insurance (if required for clinical courses)	Orientation fees (portion which covers expenses for overnight stays)
Records fees	Parking permits
Student athletics fees (if required, no personal benefit provided)	Parking fines
Student life/activity/association fees	Student health fees
Other mandatory fees (no personal benefit provided)	Transportation fees (if providing individual benefit)
Comprehensive fees (covering tuition, fees, room, board) must be allocated between QTRE/non-QTRE	

Box 5 Reporting Criteria

1. Is it gift aid, i.e. a scholarship or grant tied to enrollment that does not need to be repaid?
2. Is it intended to cover the student's "cost of attendance" (COA)?
3. Is it "administered and processed" by the institution? While this term is not defined by the IRS, the following factors should be considered. Does the institution:
    a. Determine eligibility of student for award?
    b. Certify enrollment / attendance to the sponsor or granting organization?
    c. Calculate the amount awarded?
    d. Allocate funds across terms?
    e. Return overpayments to source?
    f. Count the payment as aid when packaging financial aid (to avoid over awards under Title IV financial aid rules)?

Box 5 Reporting Guidelines

Scholarships and Grants for Box 5 on Form 1098-T

Report	Do Not Report
Payments from the following sources are generally gift aid intended to cover COA and are administered and processed by the institution.	*Payments from the following sources do not meet all of the necessary criteria (gift aid, COA, administered and processed).*
Corporation or employer under a third-party billing arrangement, including institutional §127 plans	AmeriCorps Education Award — Earned income, not gift aid, AmeriCorps reports to student on 1099-MISC
DoD Tuition Assistance and other support for service members and dependents	Corporation or employer with no third-party billing arrangement (including corporate §127 plans) — Not administered and processed by institution
Federal Pell, SEOG, or other grant	Other college or university, with agreement to exchange students/tuition — student pays home university; exchange payment between universities
Institutional scholarship/grant	Private nonprofit organization, not processed as a scholarship/grant — not administered and processed by institution
Private nonprofit or other organization, if processed as scholarship/grant	Private or family trust — not gift aid, not administered and processed by institution
Scholarship restricted to room and board	State §529 savings or prepaid plan distribution reported on Form 1099-Q
State grant, including vocational-rehabilitation	State or local school system payment for K-12 dual enrollment, if no student account — 1098-T not required
State or local school system payment for K-12 dual enrollment, if student account is maintained	Travel grant/prize/award not related to educational pursuit resulting in college credit — not for COA; may be reportable on Form 1099-MISC
Travel grant/prize/award related to educational pursuit for credit - covers COA	Tuition waived by institution (under IRC §117(d)) — should be subtracted from amount paid/billed per IRS Notice 2006-72; Q&A-8
Veterans' benefits (Chapter 31, Chapter 33 (Post 9/11 GI Bill), and Yellow Ribbon) — VA makes payment to institution	Veterans' benefits — Chapter 30 (Montgomery GI Bill) — VA makes payment to student

New TIN Regulations

TIN Regulation Overview

- Colleges & universities have been required to file form 1098-T for over a decade
- 2011 is the first year in which the IRS has proposed penalties for missing or incorrect TINs
- 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

- Notice 972CG proposes penalties of $100 for each information return document sent with missing or incorrect TIN
  - Maximum penalty of $1,500,000 per year ($500,000 for institutions with average annual gross receipts of $5,000,000 or less)
- Recipient of notice 972CG has 45 days to respond by either agreeing to pay the full amount of the proposed penalty or by disagreeing with the proposed penalty, in whole or in part
  - If the institution disagrees with the proposed penalty, in whole or in part, a signed statement explaining the basis for the disagreement along with any supporting documentation must be provided
- A request for extension must be received by the IRS Submission Processing Center in Philadelphia within 45 days

Wait a minute! What is a TIN??

A Taxpayer Identification Number (TIN) is an identification number used by the Internal Revenue Service (IRS) in the administration of tax laws. It is issued either by the Social Security Administration (SSA) or by the IRS. A Social Security number (SSN) is issued by the SSA whereas all other TINs are issued by the IRS.

Types of Taxpayer Identification Numbers

- ✓ Social Security Number "SSN"
- ✓ Employer Identification Number "EIN"
- ✓ Individual Taxpayer Identification Number "ITIN"
- ✓ Taxpayer Identification Number for Pending U.S. Adoptions "ATIN"
- ✓ Preparer Taxpayer Identification Number "PTIN"

Methods of Collecting TINs

There are a number of factors to consider about the various ways an institution can collect TINs from students.

Using Paper Forms -

- ✓ The institution can get an immediate response if a student is physically present.
- ✓ If IRS Form W-9S is used, the required notification about the need for the information is included, and this process meets waiver requirements.
- ✓ Students may need to hand deliver, mail, or fax back the completed forms to the appropriate campus office if they do not complete the forms in person.
- ✓ Any paper forms submitted should be kept secure or destroyed.
- ✓ Once received, information needs to be keyed into the student information system, providing an opportunity for error.

Methods of Collecting TINs

Using a Student Portal -

- ✓ Secure website allows for direct input by student.
- ✓ Portal can be programmed to prompt student input or require completion before other required steps.

Methods of Collecting TINs

Using Campus Email -

- ✓ Email can include request, instructions, and link to student portal.
- ✓ Official means of communication with students at many institutions.
- ✓ Privacy and security may be issues if a student provides his or her TIN by return email

Timing

Initial Request - There are a number of natural opportunities in the beginning of a student's enrollment that can be used to collect TINs. These include:

- An application for admission
- An application for financial aid (SSN is required on the Free Application for Federal Student Aid (FAFSA))
- Orientation for new students
- Registration for classes

Subsequent Request - IRS rules require institutions to solicit TINs in writing at least once a year from any student without a TIN in his or her records for whom 1098-T reporting is required. To meet this requirement, the solicitation must clearly notify the student that he or she is required by law to furnish his or her TIN so that it may be included on an information return filed by the institution. Using IRS Form W-9S will meet this requirement.

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So, how do I stay in compliance?

TIN Best Practices

1. **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.

SSN Formatting Rules

- ✓ 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

ITIN Formatting Rules

- ✓ Valid 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.

Note: 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.

TIN Best Practices

2. **Solicit Twice a Year** – NACUBO recommends requesting a TIN in writing at least twice annually when one is missing or invalid.

   - ✓ Rule of thumb – Early in October and again in early November
   - ✓ Deadline is December 31st
   - ✓ The final request should be sent after the last opportunity for students to enroll in a term/session that begins prior to December 31st
   - ✓ Alternatively, you can choose to solicit TINs once in the spring and once in the fall.
   - ✓ Alert students to the possible IRS penalty of $50 for non-compliance

Note: Electronic communication is considered "written."

TIN Best Practices

3. **Plan & 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.

   - ✓ Office of the Registrar generally has specific processes regarding the change of critical student bio-demographic information
   - ✓ Engaging the appropriate officials is important to stay in line with institutional policies & procedures
   - ✓ Set deadlines to allow for the processing of TIN changes/additions
   - ✓ Work with payroll department to validate any student worker TINs

TIN Best Practices

4. Build on Existing Processes to Collect Accurate Records

- ✓ Consider adding name verification to an existing address update process
- ✓ Can 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

TIN Best Practices

5. **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.

   - ✓ Schools have the option of devising their own substitute form
   - ✓ NACUBO developed customizable substitute forms W-9S that remove reference to borrowers, simplify instructions, and add a signature line to provide a clear record for TIN changes
     - ➢ Forms can be found here: http://www.nacubo.org/Documents/BusinessPolicyAreas/Substitute_W9S_Advisory_Report.pdf
   - ✓ Attach the form to an email message, post it to the web, or make paper copies available to students

TIN Best Practices

6. **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.

7. **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.

8. **Utilize 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.

TIN Best Practices

9. **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
   - ✓ High School Students
   - ✓ Undocumented Students

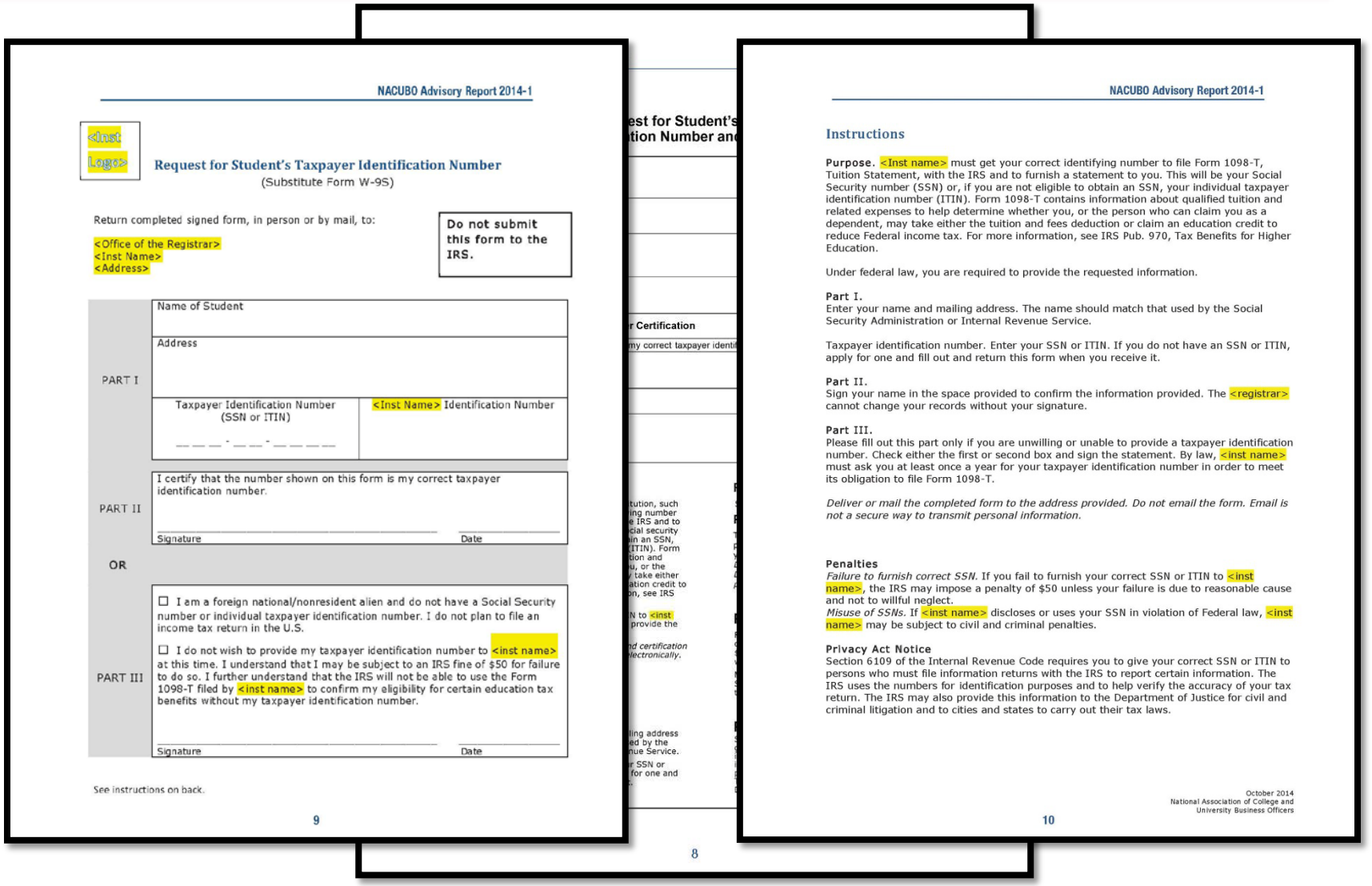
TIN Best Practices

10. **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.

11. **Exercise Caution in Placing Holds for Non-Compliance** - 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 personal reasons.

    - ✓ Federal Privacy Act of 1974 states that an individual cannot be denied a government benefit or service for refusing to disclose his/her 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.
    - ✓ 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.

Substitute W-9S



NACUBO Advisory Report 2014-1

<Inst Logo>

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

☐ 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.

☐ 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.

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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.

October 2014
National Association of College and University Business Officers

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Safeguarding Private Information

Best Practices

- Data encryption, so that only authorized users may access it.
- Employee disclosure statements signed by employees that acknowledge that the employees may be subject to disciplinary action by the employer, civil penalties, or criminal prosecution for improperly disclosing such information.
- Staff training on properly handling personal information, including the importance of password protection on computers and locks on cabinets where such information is stored.

Safeguarding Private Information

Practices to Avoid

- Posting personal information on a public website.
- Sending TINs via electronic format.
- Including TINs on postcards.
- Storing TINs on unprotected computer systems.

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We received Notice 972CG. Now what?!

Requesting an Extension

- The notice must be answered within 45 days of the date listed on the notice
- If the institution requires more time to respond, a written request must be delivered to the Philadelphia Campus Site address listed on the notice before the end of the 45 day period
- Institutions should keep a date stamped copy of the letter and use a delivery method that includes a delivery confirmation
- The institution will NOT receive a response, but will be granted an additional 30 days to respond

Requesting a Waiver

- **Waiver Procedure -** The penalty may be waived by showing that the failures were due to reasonable cause and not to willful neglect.

- **Reasonable Cause**

  - There were significant mitigating factors; or

  - The failure was due to events beyond the filer's control.

Mitigating factors include the fact that prior to the failure, the filing institution was never required to file Form 1098-T and the filing institution has an established history of filing information returns with correct TINs. In determining whether the filing institution has such an established history, consideration is given to whether in prior years the filer has incurred any penalty for failure to file correct information returns, failure to furnish correct payee statements, or failure to comply with other information reporting requirements, and if the filing institution incurred any such penalty, the extent of the filer's success in lessening its error rate from year to year. The rules and requirements for establishing reasonable cause can be found in IRS Publication 1586 - http://www.irs.gov/pub/irs-pdf/p1586.pdf.

Events Beyond the School's Control

Events beyond the filing institution's control generally include, *but are not limited to*:

1. The unavailability of the relevant business records—ordinarily for at least a two-week period prior to the due date of the required return. The unavailability must have been caused by a supervening event, including, but not limited to, a fire or other casualty, a statutory or regulatory change that has a direct impact upon date processing such that the filer cannot comply by the due date of the return, or the unavoidable absence (e.g., due to death or serious illness) of the person with the sole responsibility for filing the return.

2. Certain actions of the IRS, which require reasonable reliance on erroneous written information from the IRS. Reliance is reasonable if the filer relied in good faith on the information and the IRS was aware of all the facts when it provided the information to the filer. The filer must provide a copy of the written information provided by the IRS and, if applicable, the filer's written request for the information.

3. Certain actions of an agent. The filer must show that the filer exercised reasonable business judgment in contracting with the agent to file timely correct returns with respect to which the failure occurred, including contracting and providing the proper information sufficiently in advance of the due date, and that the agent also had reasonable cause for failing to file the correct information returns.

4. Certain actions of the payee or any other person providing necessary information with respect to the return. The filer must show that the failure resulted from the failure of the person required to provide information necessary for the filer to comply with the information reporting requirements to provide information to the filer or that the failure resulted from incorrect information provided by the person upon which information the filer relied in good faith. The filer must provide documentary evidence upon request of the IRS showing that the failure was attributable to the payee.

Penalty Waiver – Other Arguments

1. Unavailability of TIN Matching
2. Abrupt Change in Enforcement
3. No Adverse Impact on Tax Administration
4. Lack of Leverage

Demonstrating Future Compliance

1. Institution should demonstrate to the IRS that it will act in a responsible manner with regards to collecting and including accurate TINs on future forms 1098-T

2. The institution may want to include documents detailing the plan for collecting and including accurate TINs

3. The institution should demonstrate to the IRS the follow up effort to obtain the TINs from the students identified on their notice

Correction of Prior Filings

Once a correct TIN is received from the payee, the institution should include the correct TIN on any future information returns. A correction for a return with a missing or incorrect TIN is not required to be filed. A correction may be filed if the institution is still within the period where a correction would lead to an abatement of the penalty, as discussed above.

Who can I contact for help?

The Notice 972CG lists the phone number for the IRS information reporting help desk: 866.455.7438. This is the best source of information from the IRS.

At NACUBO, questions may be directed to Anne Gross, vice president of regulatory affairs, at anne.gross@nacubo.org or 202.861.2544, or Mary Bachinger, director, tax policy, at mary.bachinger@nacubo.org or 202.861.2581.

Possible Legislative Fixes

- NACUBO proposal
  - Only require filing of 1098-T for students who provide a TIN
  - Add total payments to 1098-T
- Coats (R-IN) amendment
  - No fines for missing TIN if school certifies that annual solicitations were made
  - Must have 1098-T to claim credit (or receipts for noninstitutional expenses)

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NACUBO's Alternative

Report on 1098-T	Total paid (qualified + nonqualified)
	Amount billed for qualified expenses
	Grants and scholarships

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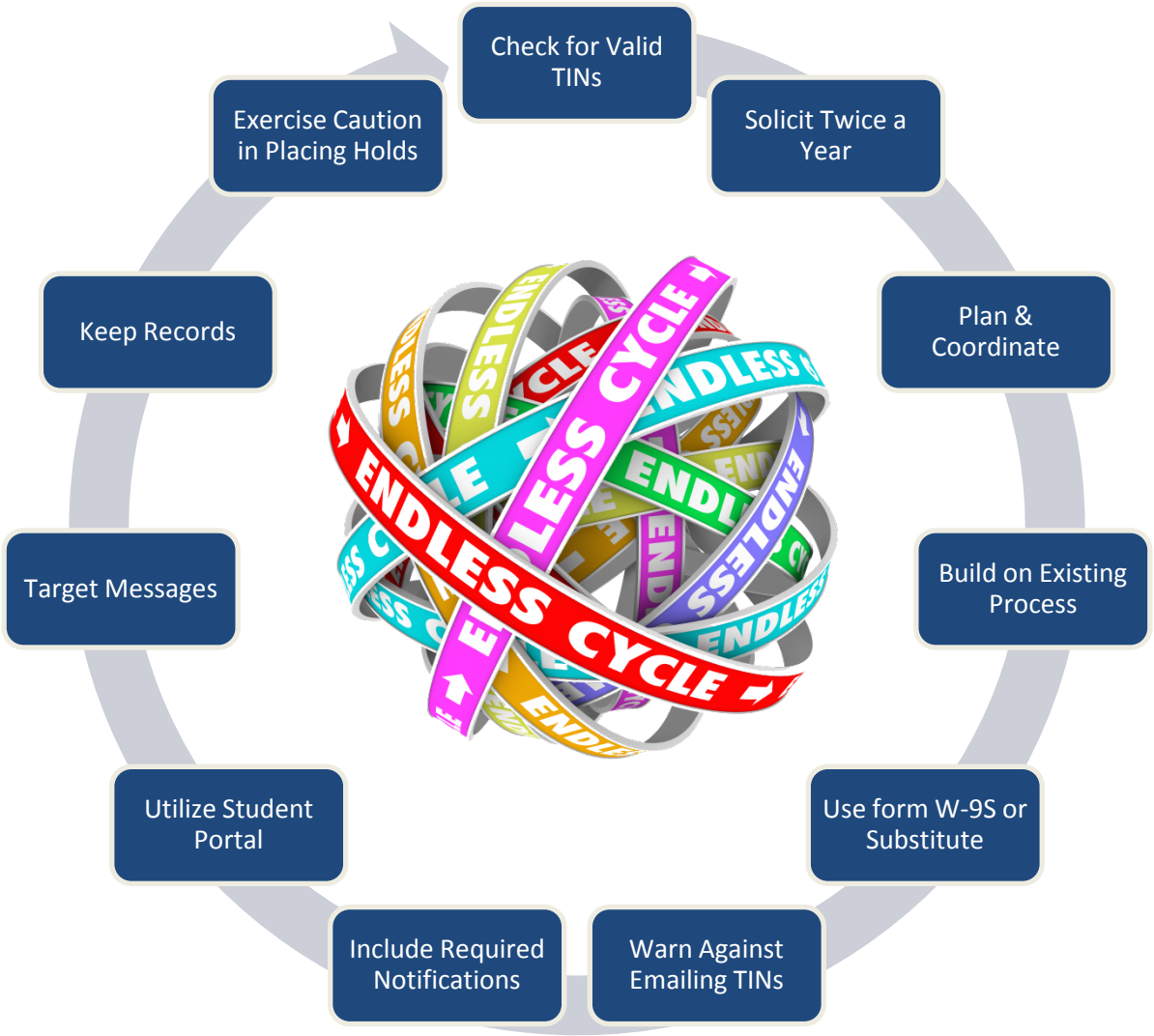
What do we do now?

Do Nothing?

- You could do nothing and continue to receive IRS Notice 972CG each year.
- Each year, you could pay the fine or request a waiver using the reasoning and methods described in this presentation.
- This is probably not the best option!

Implement In-House Process?



Heartland ECSI SSN & Name Validation!

- IRS Tax Notice 972CG proposed penalties of $100 for each tax document sent to the IRS with a missing or incorrect TIN
- Maximum penalty can reach $1,500,000 per year or $500,000 for organizations with average annual gross receipts of $5 million or less
- Colleges and universities are **not** permitted to use the Social Security Administration's TIN matching service to validate TINs reported on 1098-Ts
- Heartland ECSI's SSN & Name Validation Service eliminates future IRS penalties while reducing your school's administrative costs associated with collecting W-9 Forms for SSN validation purposes
- Critical "4-Point Validation" Process
  - Social Security Number Issuance Validation
  - Social Security Administration Match Validation
  - Deathmaster Information Verification
  - Alternate Identity Verification

Benefits for Your Institution

- ✓ Ensures compliance with IRS rules regarding collection of SSNs
- ✓ Eliminates costly penalties caused by missing or incorrect SSNs
- ✓ Eliminates time-consuming manual processes for validating SSNs

Questions or Comments?

Contact Information

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The information for this presentation has been obtained from the NACUBO Advisory Report 2013-1 and the NACUBO Advisory Report 2014-1.

The National Association of College and University Business Officers (NACUBO) is a membership organization representing more than 2,500 colleges, universities, and higher education service providers across the country and around the world.

NACUBO specifically represents chief business and financial officers through advocacy efforts, community service, and professional development activities. The association's mission is to advance the economic viability and business practices of higher education institutions in fulfillment of their academic missions.

NACUBO membership is institutionally based and runs from June 1 through May 31 of the next year. Staff members of a member institution are eligible to receive benefits, including discounted products and services. Students and retired business officers may purchase an individual membership.

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