



Instructions for Forms 1098-E and 1098-T

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

What's New

Loans made before September 1, 2004. Check box 2 on Form 1098-E if the amount in box 1 does **not** include loan origination fees and/or capitalized interest.

Reminder

General instructions. In addition to these specific instructions, you should also use the 2009 General Instructions for Forms 1099, 1098, 3921, 3922, 5498, and W-2G. Those general instructions include information about the following topics.

- Electronic reporting requirements.
- Penalties.
- Who must file (nominee/middleman).
- When and where to file.
- Taxpayer identification numbers.
- Statements to recipients.
- Corrected and void returns.
- Other general topics.

You can get the general instructions from the IRS website at www.irs.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

Form W-9S. You may use Form W-9S, Request for Student's or Borrower's Taxpayer Identification 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, such as financial aid applications, 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, insurer, 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 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, and
4. Be able to supply a hard copy of the electronic Form W-9S if the Internal Revenue Service requests it.

Also, if an electronic Form W-9S is used to obtain the borrower's certification that all the loan proceeds are solely used to pay 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. The signature authenticates and verifies the submission. See Announcement 98-27, which is on page 30 of Internal Revenue Bulletin 1998-15 at www.irs.gov/pub/irs-irbs/irb98-15.pdf.

Electronic reporting. For Forms 1098-E and 1098-T, you must file electronically if you are required to file 250 or more returns. See part F in the 2009 General Instructions for Forms 1099, 1098, 3921, 3922, 5498, and W-2G for more information.

Penalties. For Forms 1098-E and 1098-T, penalties may be imposed for failure to file or failure to furnish correct forms. However, under certain circumstances, the penalties may be waived. See part O in the 2009 General Instructions for Forms 1099, 1098, 3921, 3922, 5498, and W-2G for more information.

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.

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 service or collection agent receiving payments on behalf of the lender must file.

Qualified student loan. To be reportable for 2009, a student loan 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 post-secondary educational institution, or
- Certified by the borrower as a student loan incurred solely to pay qualified higher education expenses. You may use Form W-9S to obtain the certification.

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 used to pay 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), or under a contract purchased under a qualified employer plan within the meaning of section 72(p)(5).

Additional information. For more information about reporting student loan interest, see Regulations section 1.6050S-3.

Statements to borrowers. If you are required to file Form 1098-E, you must provide a statement or acceptable substitute, on paper or electronically, to the borrower. For more information about the requirements to furnish a statement to the borrower, see part M in the 2009 General Instructions for Forms 1099, 1098, 3921, 3922, 5498, and W-2G.

Recipient's/lender's name, address, and telephone number box. Enter the name, address, and telephone number 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.

Account number. The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1098-E. Additionally, the IRS encourages you to designate an account number for all Forms 1098-E that you file.