

income in Year 1 from accounts receivable of which it did not acquire tax ownership was \$700,000. C does not have any other income for Year 1.

(F) In Year 3, there were discharges of \$950,000, representing \$100,000 of customer defaults on those accounts receivable of which C was the owner for Federal tax purposes at the time of the identifiable event marking the discharge and \$850,000 of customer defaults on the accounts receivable of which the clients, and not C, were the owner. Whenever C determined the uncollectibility of an account receivable for which it had not assumed the risk of loss, C reassigned title to the account receivable to the appropriate client. Each defaulting customer defaulted on an account receivable with an outstanding balance of at least \$600.

(ii) *Results.* (A) For Year 3, C's test year is Year 1. Under paragraph (e) of this section, C's \$2 million fee income from the accounts receivable of which it acquired tax ownership is "gross income from lending money" for purposes of paragraph (b) of this section, because C was the owner of the accounts for Federal tax purposes. Under paragraph (e) of this section, C's \$700,000 fee income from the accounts receivable of which it did not acquire tax ownership is not "gross income from lending money" for purposes of paragraph (b) of this section, because C was not the owner of the accounts receivable for Federal tax purposes. In Year 1, therefore, C's gross income from lending money is less than \$5 million but is not less than 15% of C's gross income. Because C lends money on a regular and continuing basis and does not meet the applicable safe harbor, section 6050P requires C to report discharges of indebtedness occurring in Year 3.

(B) In Year 3, section 6050P requires C to report the \$100,000 of discharges of the accounts receivable of which C was the owner for Federal tax purposes at the time of the identifiable event marking the discharge. Unless an exception to reporting under paragraph (b) or (c) of this section applies, section 6050P requires C's clients to report the \$350,000 of discharges of the accounts receivable of which C did not become the owner.

(i) *Effective date.* This section applies to discharges of indebtedness occurring on or after January 1, 2005.

[T.D. 9160, 69 FR 62186, Oct. 25, 2004]

§ 1.6050S-0 Table of contents.

This section lists captions contained in §§ 1.6050S-1, 1.6050S-2T, 1.6050S-3, and 1.6050S-4T.

§ 1.6050S-1 *Information reporting for qualified tuition and related expenses.*

(a) Information reporting requirement.

(1) In general.

(2) Exceptions.

(i) No reporting by institutions or insurers for nonresident alien individuals.

(ii) No reporting by institutions for non-credit courses.

(A) In general.

(B) Academic credit defined.

(C) Example.

(iii) No reporting by institutions for individuals whose qualified tuition and related expenses are waived or are paid with scholarships.

(iv) No reporting by institutions for individuals whose qualified tuition and related expenses are covered by a formal billing arrangement.

(A) In general.

(B) Formal billing arrangement defined.

(b) Requirement to file return.

(1) In general.

(2) Information reporting requirements for institutions that elect to report payments received for qualified tuition and related expenses.

(i) In general.

(ii) Information included on return.

(iii) Reportable amount of payments received for qualified tuition and related expenses during calendar year determined.

(iv) Separate reporting of reimbursements or refunds of payments of qualified tuition and related expenses that were reported for a prior calendar year.

(v) Payments received for qualified tuition and related expenses determined.

(vi) Reimbursements or refunds of payments for qualified tuition and related expenses determined.

(vii) Examples.

(3) Information reporting requirements for institutions that elect to report amounts billed for qualified tuition and related expenses.

(i) In general.

(ii) Information included on return.

(iii) Reportable amounts billed for qualified tuition and related expenses during calendar year determined.

(iv) Separate reporting of reductions made to amounts billed for qualified tuition and related expenses that were reported for a prior calendar year.

(v) Examples.

(4) Requirements for insurers.

(i) In general.

(ii) Information included on return.

(5) Time and place for filing return.

(i) In general.

(ii) Return for nonresident alien individual.

(iii) Extensions of time.

(6) Use of magnetic media.

(c) Requirement to furnish statement.

(1) In general.

(2) Time and manner for furnishing statement.

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- (i) In general.
- (ii) Statement to nonresident alien individual.
- (iii) Extensions of time.
- (3) Copy of Form 1098-T.
- (d) Special rules.
- (1) Enrollment determined.
- (2) Payments of qualified tuition and related expenses received or collected by one or more persons.
 - (i) In general.
 - (ii) Exception.
 - (3) Governmental units.
 - (e) Penalty provisions.
 - (1) Failure to file correct returns.
 - (2) Failure to furnish correct information statements.
 - (3) Waiver of penalties for failures to include a correct TIN.
 - (i) In general.
 - (ii) Acting in a responsible manner.
 - (iii) Manner of soliciting TIN.
 - (4) Failure to furnish TIN.
 - (f) Effective date.

§ 1.6050S-2T Electronic furnishing of information statements for qualified tuition and related expenses.

- (a) Electronic furnishing of statements.
 - (1) In general.
 - (2) Consent.
 - (i) In general.
 - (ii) Change in hardware or software requirements.
 - (iii) Example.
 - (3) Required disclosures.
 - (i) In general.
 - (ii) Paper statement.
 - (iii) Scope and duration of consent.
 - (iv) Post-consent request for a paper statement.
 - (v) Withdrawal of consent.
 - (vi) Notice of termination.
 - (vii) Updating information.
 - (viii) Hardware and software requirements.
 - (4) Format.
 - (5) Posting.
 - (6) Notice.
 - (i) In general.
 - (ii) Undeliverable electronic address.
 - (iii) Corrected statements.
 - (7) Retention.
 - (b) Effective date.

§ 1.6050S-3 Information reporting for payments of interest on qualified education loans.

- (a) Information reporting requirement in general.
- (b) Definitions.
 - (1) Interest.
 - (2) Payor.
 - (c) Requirement to file return.
 - (1) Form of return.
 - (2) Information included on return.
 - (3) Time and place for filing return.
 - (i) In general.

- (ii) Extensions of time.
- (4) Use of magnetic media.
- (d) Requirement to furnish statement.
 - (1) In general.
 - (2) Time and manner for furnishing statement.
 - (i) In general.
 - (ii) Extensions of time.
 - (3) Copy of Form 1098-E.
 - (e) Special rules.
 - (1) Transitional rule for reporting of loan origination fees and capitalized interest.
 - (2) Qualified education loan certification.
 - (3) Payments of interest received or collected by one or more persons.
 - (i) In general.
 - (ii) Exception.
 - (4) Reporting by foreign persons.
 - (5) Governmental units.
 - (f) Penalty provisions.
 - (1) Failure to file correct returns.
 - (2) Failure to furnish correct information statements.
 - (3) Waiver of penalties for failures to include a correct TIN.
 - (i) In general.
 - (ii) Acting in a responsible manner.
 - (iii) Manner of soliciting TIN.
 - (4) Failure to furnish TIN.
 - (g) Effective date.

§ 1.6050S-4T Electronic furnishing of information statements for payments of interest on qualified education loans.

- (a) Electronic furnishing of statements.
 - (1) In general.
 - (2) Consent.
 - (i) In general.
 - (ii) Change in hardware or software requirements.
 - (iii) Example.
 - (3) Required disclosures.
 - (i) In general.
 - (ii) Paper statement.
 - (iii) Scope and duration of consent.
 - (iv) Post-consent request for a paper statement.
 - (v) Withdrawal of consent.
 - (vi) Notice of termination.
 - (vii) Updating information.
 - (viii) Hardware and software requirements.
 - (4) Format.
 - (5) Posting.
 - (6) Notice.
 - (i) In general.
 - (ii) Undeliverable electronic address.
 - (iii) Corrected statements.
 - (7) Retention.
 - (b) Effective date.

[T.D. 8992, 67 FR 20904, Apr. 29, 2002, as amended by T.D. 9029, 67 FR 77681, Dec. 19, 2002]