A July 20, 2012 Electronic Announcement from the Department of Education acknowledged that they are aware of a limited number of circumstances when tax filers are unable to use the IRS DRT or to obtain an IRS Tax Return Transcript. Therefore, this Electronic Announcement provides guidance to institutions on instances when the Department has determined that a signed copy of the appropriate tax return or other documentation may be used to complete verification. This guidance applies to both the current 2012-2013 award year and the upcoming 2013-2014 award year.

VICTIMS OF IDENTITY THEFT

When the IRS determines that a tax filer has been, or likely was, a victim of identity theft, it will not allow that tax filer to obtain tax information through the use of the IRS DRT or to receive an IRS Tax Return Transcript until the matter has been resolved by the IRS. Resolution could take up to a year, depending on the complexity of the case. Therefore, in instances when the tax filer has been the victim of identity theft, the institution may accept for verification purposes a signed copy of the paper IRS income tax return that was filed with the IRS along with additional documentation as follows.

If the tax filer had submitted to the IRS an IRS Form 14039 “Identity Theft Affidavit,” a copy of that signed form must be submitted to the institution with the signed copy of the paper tax return.

In some instances, the IRS does not require the tax filer to submit an IRS Form 14039 or the tax filer may not have saved a copy of the IRS Form 14039 that was submitted to the IRS. In these instances, the tax filer must submit in addition to the signed copy of the tax return, either a signed and dated statement stating that the tax filer was a victim of IRS identity theft and that the IRS is investigating the matter or a copy of a police report that may have been filed by the tax filer.

AMENDED TAX RETURN

It has been determined that neither an IRS Tax Return Transcript nor an IRS Tax Account Transcript, either individually or together, provide all of
the information needed for verification when the tax filer filed an IRS Form 1040X “Amended U.S. Individual Income Tax Return”. Therefore, when an institution is aware that the tax filer filed, or will file, an amended tax return with the IRS, it must obtain signed copies of both the original tax return and the IRS Form 1040X that were filed with the IRS. The institution would use the information from both forms to complete verification.

OTHER TAX RETURNS

Puerto Rico, Virgin Islands, American Samoa, Commonwealth of the Northern Mariana Islands, and Guam

In cases where the tax filer filed a tax return with Puerto Rico, the Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, or Guam, a signed copy of that filed tax return is acceptable documentation. The institution would use income and tax information that corresponds most closely to the information that would be reported on an IRS tax return.

Freely Associated States (Republic of the Marshall Islands, Republic of Palau and Federated States of Micronesia)

For residents of the Republic of the Marshall Islands, the Republic of Palau, or the Federated States of Micronesia, a copy of the individual’s Wage and Tax Statement from each employer that provided such a statement and a signed statement identifying all of the individual’s income and taxes for the tax year is acceptable.

Foreign Countries

In cases where the tax filer filed a tax return or a similar document(s) with a foreign country, signed copies of that tax return or other documentation, using income and tax information (converted to U.S. dollars) that corresponds most closely to the income information reported on an IRS tax return is acceptable.

In cases where an individual from a foreign country, under that country’s applicable government agency rules, is not required to file an income tax return, he or she can provide the institution with a signed statement certifying all of the individual’s income and taxes paid for the tax year.
OTHER INSTANCES

The Department is aware that the instances described above may not reflect all of the unique filing circumstances where a signed copy of a tax return or other documentation may be acceptable documentation. Therefore, they will continue to provide guidance as appropriate.