

Verification: Dealing with the top issues for 2019-20

Audio

Attendee lines are muted.

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Verification: Dealing with the top issues for 2019-20

April 23, 2019



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Our **mission** is to enable individuals to achieve life-long success by empowering schools, students, and families with web-based college, financial aid, career, and financial literacy information and services.

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Agenda

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Montclair State University	
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Mapping Your Future services	
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- ## Presenters
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Johns Hopkins University
 - **Catherine Boscher-Murphy**
Associate Director-Compliance
Montclair State University

Johns Hopkins University



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Johns Hopkins University and verification

Verify additional students due to use of institutional methodology (IM)

Verify additional data elements

Use two EFCs: FM and IM

Increased chance of conflicting information

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Verification tracking groups

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Verification tracking groups

Information Required to be Verified	V1	V2	V3	V4	V5	V6
Household Size	X	N/A	N/A		X	N/A
Number in College	X				X	
High School Completion				X	X	
Identity/Educational Purpose				X	X	
Income/Tax Data	X				X	

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Verification 2019-20

2017 Income Information for Tax Filer	2017 Income Information for Nontax Filer
Adjusted Gross Income U.S. Income Tax Paid Untaxed Portions of IRS Distributions Untaxed Portions of Pensions IRA Deductions and Payments Tax Exempt Interest Income Education Tax Credits	Income earned from work
Documentation of high school completion obtained prior to the 2019-20 award year is also acceptable.	

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V4/V5 Reporting

Deadline

Which students to report

Documentation

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Acceptable documentation

Electronic Announcement
dated January 9, 2019

Use of signed paper tax returns

Verification of non-filing

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IRS Data Retrieval Tool

The image displays two overlapping screenshots of the IRS Data Retrieval Tool interface. The top screenshot, titled 'Parent IRS Info', shows a progress bar with steps: Student Demographics, School Selection, Dependency Status, Parent Demographics, Financial Information, Sign & Submit, and Confirmation. The 'Parent Information' section contains the following questions: 'What type of income tax returns did your parents file for 2017?' (Transferred from the IRS), and 'What was your parents' adjusted gross income for 2017?' (Transferred from the IRS). A 'Show Application Data' link is visible at the bottom. The bottom screenshot, titled 'Parent Additional IRS Info', shows the same progress bar and 'Parent Information' section with additional questions: 'Enter the amount of your parents' income tax for 2017.' (Transferred from the IRS), and 'Enter your parents' exemptions for 2017.' (Transferred from the IRS). It includes 'PREVIOUS' and 'NEXT' buttons and a 'Show Application Data' link.

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Comment Codes 400 and 401

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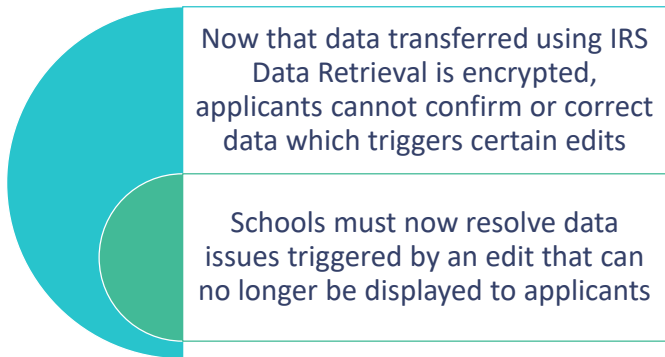
400 and 401: Introduction

FAFSA on the Web (FOTW) performs edits
before applicant submits application

When triggered, edits require applicant to
confirm or correct information which
triggered edit

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400 and 401: Justification



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400 and 401: Parents and students



Comment Code 400:
Parent data



Comment Code 401:
Student data

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400 and 401: Scenarios to review

Applicant is a tax filer and transferred AGI is zero but income earned from work is greater than zero

Total Additional Financial Information reported is greater than transferred AGI

Any item on the FAFSA list of untaxed income is equal to or exceeds transferred AGI

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400 and 401: Data elements

Total Additional Financial Info:

ED credits, Child support paid, Need-based employment, taxable grant and scholarship aid reported as income, combat pay and coop earnings.

FAFSA untaxed income:

Pension payments, IRA deductions, child support received, tax exempt interest, untaxed portion of pension or IRA distribution, housing allowance, VA non-educational benefits, other untaxed income.

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400 and 401: Is it real?

Review related FAFSA items

Collect additional documentation if needed

Submit corrections as needed

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400 and 401: Resolution

If school review confirms that none of the triggering conditions exist, no further action needed

May resolve by completing verification for Tracking Groups V1 or V5 on the same transaction

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Montclair State University

- Began in 1908 as a teaching college
- Four year public research institution offering more than 300 majors, minors, concentrations and certificates
- Enrollment is 21,000+
- Verify approximately 4,000 files per year



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ISIR flags 06, 07

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ISIR Flag 06: Triggers

Applicant or parent was eligible to use the IRS DRT and data was transferred from the IRS but, after submission of the FAFSA, a subsequent change made the applicant or parent ineligible to use the IRS DRT.

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ISIR Flag 06: Example

For example:

- Applicant reported that she was married and filed a joint tax return
- She used the IRS DRT to transfer information from that joint tax return and FAFSA is processed
- Then she corrects her marital status to divorced as of 2/2018
 - Becomes ineligible to use the IRS DRT

The correction to her marital status date means that she was not really eligible to use the IRS DRT initially

- The tax return information provided on her FAFSA form is likely inaccurate

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ISIR Flag 06: Resolution

To resolve an 06 flag:

Contact the applicant or parent, as applicable

- Determine if the income tax return information that was transferred into the FAFSA form is correct (e.g., does it include information for the correct parties)
- Make any necessary changes to the applicant's record if required

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ISIR Flag 06: Warning

- Not everyone with an 06 flag will be selected for verification
- The 06 must be resolved regardless of whether the individual is selected for verification
 - Review on a case-by-case basis
- Begin by contacting student or parent
 - Is the income and other info for the correct person(s)?
- Can require student to correct FAFSA or can collect appropriate data to make corrections
 - Documentation is up to school

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ISIR Flag 07: Triggers

- Students and parents who filed an amended return (IRS Form 1040X)
- The IRS DRT Income data will come from the original tax return filed
- ISIR flag 07 will indicate that a 1040X was filed

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ISIR Flag 07: Resolution (verification)

To complete verification, you will need:

- Signed copy of the 1040x and one of the following:
 - Signed copy of the original 1040 submitted OR
 - Unchanged IRS DRT information OR
 - IRS tax return transcript

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ISIR Flag 07: Warning

- You may also receive ISIR's flagged with an 07 code that are not selected for verification.
- You must contact the applicant or parent, as applicable, and make any necessary changes to any of the data items, regardless of whether those items are required to be verified.

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ISIR Flag 07: Resolution (not verification)

School can choose what documentation it accepts to make the changes. This could include:

- The same documents acceptable for verification, or
- A signed copy of the original tax return along with the 1040X, or
- A signed statement explaining the changes, if the school deems that to be appropriate.

If such an applicant is selected for verification later, the school must request the documentation required for federal verification.

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Non-filing of Returns

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Non-filing

New guidance provided by ED ([1/9/19 Electronic Announcement](#))

If selected for verification:

- **Dependent student** - submit verification worksheet or institutional non-filer form
- **Parent without a SSN** – can submit verification worksheet or institutional non-filer form

If individual worked, must also submit W-2 forms

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Non-filing

Independent student, spouse, parent – still required to obtain the VNF letter from IRS.

If unable (individual made a good faith effort), school can accept:

- Signed statement that they tried to obtain the VNF letter
- Has not and will not file a tax return for 2017
- Individual must list all sources of income
- Provide all W-2's received

The IRS letter must be dated after October 1, 2017.

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Non-filing

How students may request:

- Download a letter of nonfiling through “Get Transcript Online”

The screenshot shows the IRS 'Get Transcript' website. On the left is a navigation menu with categories: Employees, Self-Employed, International Taxpayers, Military, Parents, Seniors & Retirees, and Students. The main content area is titled 'Welcome to Get Transcript' and includes a language selector (Español | 中文 | 한국어 | తెలుగు | Русский). Below the welcome message, there are two main options: 'Get Transcript ONLINE' and 'Get Transcript by MAIL'. Each option has a 'What You Need' section listing requirements and a 'What You Get' section listing benefits. The 'What You Get' section for the online option includes: View, print or download your transcript; Transcript types available online; and Username and password to return later.

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Non-filing: IRS Form 4506-T

6 **Transcript requested.** Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request. ▶

a **Return Transcript**, which includes most of the line items of a tax return as filed with the IRS. A tax return transcript does not reflect changes made to the account after the return is processed. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120-A, Form 1120-H, Form 1120-L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days

b **Account Transcript**, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns. Most requests will be processed within 10 business days

c **Record of Account**, which provides the most detailed information as it is a combination of the Return Transcript and the Account Transcript. Available for current year and 3 prior tax years. Most requests will be processed within 10 business days

7 **Verification of Nonfiling**, which is proof from the IRS that you did not file a return for the year. Current year requests are only available after June 15th. There are no availability restrictions on prior year requests. Most requests will be processed within 10 business days

8 **Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript.** The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2011, filed in 2012, will likely not be available from the IRS until 2013. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213. Most requests will be processed within 10 business days

Caution: If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.

9 **Year or period requested.** Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than four years or periods, you must attach another Form 4506-T. For requests relating to quarterly tax returns, such as Form 941, you must enter each quarter or tax period separately. / / / / / / / / / /

Non-filing samples

Tax Period or Periods: December, 2015
Return: 1040

Information About the Request We Received

Why We're Contacting You
We're contacting you to report on the status of the request we received.

Information About the Status of The Request
On February 16, 2017, your office submitted a request for taxpayer information.
We received a request dated February 16, 2017 for verification of non-filing of returns for above tax period or periods. We have no record of a filed Form 1040, 1040A, or 1040EZ using the above Social Security Number. You can consider this letter a verification of non-filing.

How To Contact Us
Please call us at 1-800-829-0922 if you have any questions regarding this letter or if you need additional information.

Sincerely Yours,

Patricia LaPosta
Patricia LaPosta, Director
Electronic Products & Svcs Support

“No record of return filed”

This Product Contains Sensitive Taxpayer Data

Tax Return Transcript

Request Date: 12-02-2016
Response Date: 12-02-2016
Tracking Number:

SSN Provided:
Tax Period Ending: Dec. 31, 2015
Form Number: 1040

No record of return filed.

This Product Contains Sensitive Taxpayer Data

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Non-filing

IMPORTANT:

The IRS may provide the tax filer an IRS Form 13873. There are several versions of IRS Form 13873 (e.g. 13873-T, 13873-V, etc.).

Any version of IRS Form 13873 that clearly states that the form is provided to the individual as verification of nonfiling or that states that the IRS has no record of a tax return is acceptable documentation of nonfiling.

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Combat pay

- Seems to be unusual number of FAFSA's with reported combat pay
 - In many cases, this is a CPS assumed value
- Amounts can be quite significant
- Student or parent side or both
- Impacts EFC

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Verification examples

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Verification example #1

Does CPS flag an ISIR if an applicant's tax filing status is head of household and he or she is married or does not have dependents?

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Verification example #2

- A student misplaced his W-2. He was not required to file a tax return. He cannot obtain a copy of the W-2 from his employer because the business closed.
- How can the student document his earnings to complete verification?

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Verification example #3

- Dependent student's 01 transaction includes Comment Code 400
- Parent
 - AGI transferred from IRS greater than zero
 - Total of Additional Financial Information reported is less than AGI transferred from IRS
 - Value of each item of untaxed income is less than AGI transferred from IRS

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Verification example #4

- Married student indicated that she filed her taxes separately from her spouse.
- Spouse did not file, but met the requirements to file.
- Does the spouse not filing affect the student's ability to receive federal student aid?

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Verification example #5

- Student's father was the sole income earner for 2017.
- The father was ill and passed away in early 2018.
- The mother didn't earn any income.
- Neither of the parents filed taxes.
- How do we proceed with verification since taxes for 2017 were not filed and the primary income earner is now deceased?

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Verification example #6

- Why would we receive an ISIR with parental income information included for an independent student?

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Resources

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Resources

- [Federal Student Aid Handbook Application and Verification Guide 2018-2019](#)
- [2019-20 Verification Suggested Text Package - Electronic Announcement dated June 8, 2018](#)
- [2019-20 Award Year: FAFSA Information to be Verified and Acceptable Documentation](#) - GEN-18-03 dated March 29, 2018
- [IRS Announced Updated Tax Transcripts Redacting Sensitive Information](#) - Electronic Announcement dated October 4, 2018
- [Changes to 2018-2019 and 2019-2020 Verification Requirements](#) - Electronic Announcement dated January 9, 2019
- NASFSAA 2019-20 IRS Tax Return Matrix
https://www.nasfaa.org/tax_transcript_decoder

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Verification worksheets

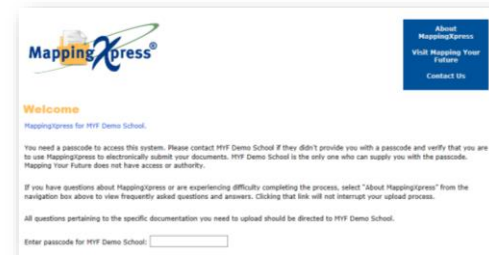
- Includes active verification tracking groups V1, V4, V5
 - Individual worksheets by data collection item
 - Comprehensive worksheets by verification tracking flag
- Available to Member schools and schools in Sponsored states



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MappingXpress®

- Secure document collection service
- Select document types to collect from students and parents
- Other customization options



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Mapping Your Future

- Newsletter signup
 - mappingyourfuture.org/newsroom/subscribe.cfm
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www.facebook.com/pages/Mapping-Your-Future/
 - [Twitter](https://twitter.com/MYFinc)
twitter.com/MYFinc
 - [Pinterest](https://pinterest.com/myfinc/pins/)
pinterest.com/myfinc/pins/
 - Instagram
 - LinkedIn



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Thank you for
your
participation!



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