Verification is the process by which a college determines the accuracy of the information reported on the FAFSA for students selected by the Central Processing System (CPS) or the college. To verify the information, the Financial Aid Administrator (FAA) collects income and tax records, signed statements, and other documents to compare this information with the data submitted on the FAFSA. The Department of Education designed verification to reduce error rates in the data reported by the student on the FAFSA so that eligible students receive the correct amount of financial assistance.

This chapter outlines the minimum federal requirements for the verification of information on student applications for Title IV funds as contained in 34 CFR 668, Subpart E (Verification and Updating of Student Aid Application Information) and has been updated to reflect the revised regulations published October 29, 2010 that took effect July 1, 2012. Further updates to these regulations reflecting ED guidance subsequent to July 1, 2012 and the specific requirements for “customized” verification in the 2018-19 academic year are also incorporated into this chapter.
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Selection for Verification

Applications are selected for verification either by CPS or the college. If a student’s application is selected for review by CPS, the school is required to verify selected items on the student’s application and collect certain required information and documents before awarding and disbursing federal student aid funds. Every FAFSA selected for verification by CPS must be verified before aid can be disbursed. The option for a school to verify only a certain percentage of the applicants selected for verification by CPS has been eliminated.

Prior to each award year, the FAFSA items that are subject to verification, along with the required documentation, are published in the Federal Register. The specific data items that are to be verified may change from year to year. For the 2018-19 award year, students selected for verification will be placed in one of three verification tracking groups. The items to be verified and the required documentation to be collected are determined by the tracking group in which the student has been placed. These are described in detail beginning on p. 4-8 of this chapter.

If a school has reason to believe that any student’s FAFSA information is inaccurate [34 CFR 668.54(a)(2)] or if any information has been found to be discrepant [34 CFR 668.16(f)], the school must verify the accuracy of that information whether or not it is one of the required verification items, and whether or not the CPS selected that application for verification.

All FAFSA information selected for verification whether by the CPS or the school must be verified (and any corrections reprocessed through the CPS) before the school may exercise professional judgment to adjust the cost of attendance (COA) or any data items required to calculate the EFC.

Verification Tracking Group Changes

In prior award years, an applicant selected for verification remained in the original verification tracking group for the entire cycle. Beginning with the 2016-2017 processing year, CPS may move applicants from previously assigned Verification Tracking Groups V1 and V4 to Verification Tracking Group V5 based on corrections made to the applicant’s record or other information available to the Department of Ed. The Department of Ed believes that the number of applicants who may change verification tracking groups is minimal.

A new Verification Selection Change Flag value of C (change in Verification Tracking Group) was added to notify schools when the Verification Tracking Group changes to a different verification tracking group on a subsequent transaction.

Verification Selection Change Flag Y (Transaction now selected for verification when the transaction being corrected was not selected) will continue to be used. Verification Selection Change Flag C will only be assigned when a prior transaction was selected for verification and CPS is moving the new transaction to the V5 Verification Tracking Group.

In FAA Access to CPS Online, you can find the Verification Selection Change Flag in Student Inquiry on the FAA Information and ISIR Compare pages on the eSAR.

In addition, a Verification Selection Flag is now printed in the FAA section on the SARs and SAR Acknowledgements mailed to students. The Verification Selection Flag has the same valid values of Y, C, or blank.
Verification Tracking Groups V2, V3, and V6 – Based on the Department’s analysis of the results of assigning some applicants to Verification Tracking Groups V2, V3, and V6, the Department of Education has determined that the burden on families selected for these Verification Tracking Groups far outweighed the benefits. Therefore, applicants will no longer be assigned to the aforementioned Verification Tracking Groups.

Discretionary Verification

Individual campuses have the regulatory authority to verify any student’s information and ask for any additional documentation needed to ensure the integrity of the federal programs and to aid them in the smooth operation of their offices.

If the school selects a previously unselected application for verification, it can choose which items it wants to verify including items other than those ordinarily required. All other verification requirements, including deadlines and interim disbursement rules, apply equally to all students being verified, whether they have been selected by the CPS or by the school. If a school chooses to select a student for verification, the school is required to update the CUNYfirst verification flags (on the View Packaging Summary page) to ensure correct transmission to Common Origination Disbursement (COD) reflecting the verification transaction.

Exclusions From Verification

Sometimes a selected application may be exempt from some or all of the verification requirements if certain unusual circumstances exist. The basis for an exclusion must be documented. Other information not excluded must still be verified according to all other requirements.

Except in the case of the student’s death, none of the following verification exclusions excuses the school from the requirement to resolve conflicting information. As stated previously, if there is reason to believe the application information is inaccurate or if the institution has conflicting information, the application must be verified in order to determine the correct information and resolve any discrepancies.

Unsubsidized Student Financial Assistance Programs

A student who has been selected for V1 verification tracking group but is eligible only for unsubsidized Title IV assistance (that is, an unsubsidized Stafford Loan, a PLUS Loan or TEACH Grant) may be excused from completing verification. The school should note in the student’s record if excused from completing verification because of this exclusion.

A student who might be eligible for any subsidized aid program (that is, any federal aid program where financial need is one of the eligibility criteria) may not use this exclusion to avoid verification by borrowing only an unsubsidized loan. In such cases, the school must require the student to complete the verification process.

Although the interest subsidy on Federal Direct Loans was eliminated for graduate students, they should still be required to complete verification if it is determined they have eligibility for any
need-based programs such as Federal Work-Study.

**NOTE:** For all students selected for V4 or V5 verification tracking groups, the school is required to verify the high school completion or equivalent and identity/statement of educational purpose before disbursing any Title IV aid.

### Death of the Student

If a student dies during the award year, or before the deadline date for completing verification, the school does not need to complete verification, even if an interim or initial disbursement has been made. However, the college may not disburse further Title IV aid to the student’s account at the institution or to the student’s beneficiaries, except for any already earned Federal Work-Study funds. Funds disbursed prior to death are not considered overpayments. After a student’s death, a Stafford Loan cannot be originated or certified, nor the proceeds delivered to the student’s beneficiaries.

### Spouse Unavailable

Unless it has reason to believe that the reported FAFSA information is incorrect, a school is not required to verify the information of the spouse of an independent student if any of the following conditions apply:

- the spouse is deceased or mentally incapacitated. **[NOTE:** physical incapacitation is not considered a valid exclusion condition.]
- the spouse is residing in a country other than the United States and can’t be contacted by normal means.
- the spouse cannot be located because his or her contact information is unknown, and the student cannot obtain it.

This exclusion applies only to spouse’s data and does not affect any other part of the required verification. The basis for this exclusion should be documented in the student’s file.

### Parents Unavailable

Unless a school has reason to believe that the reported FAFSA information is incorrect, the school is not required to verify the FAFSA information of a dependent student’s parents (or obtain appropriate signature(s) for verification purposes) if any of the following conditions apply:

- student’s parents are mentally incapacitated. **[NOTE:** physical incapacitation and death of the parents are not considered valid exclusion conditions. If the parents die after the FAFSA is filed, the student’s dependency status changes from dependent to independent and the application information must be updated and verified under the new status.]
- parents are residing in a country other than the United States and cannot be contacted by normal means.
- parents cannot be located because their contact information is unknown, and the student cannot obtain it.

The basis for this exclusion should be documented in the student’s file. If only one of the
dependent student’s parents meets one of these conditions, the student and the remaining responsible parent are still subject to all verification requirements.

**No Funds Disbursed**

If the student won’t be receiving FSA funds (for reasons other than the student’s failure to complete verification), then verification is not required. This category includes students ineligible for aid from the FSA programs and those who withdraw without receiving aid.

**Verification Completed At Another School**

A student who has completed verification at another school for the current award year, and has transferred to your school, may be excluded from verification. For the student to qualify for this exclusion, the FAFSA data must be the same as it was at the previous school and the FAA must obtain the following items from the school that completed the verification:

- a statement that the student’s application data were verified, and
- the transaction number of the verified ISIR.

**Records Lost or Destroyed**

Periodically, ED waives certain requirements, including verification requirements, for victims of natural disasters (such as floods or hurricanes) and notifies the financial aid community via *The Federal Register* and/or a *Dear Colleague Letter*. In such cases, the FAA must document in the student’s file that the records were not available due to damage caused by a natural disaster and use the verification status code of “S” when reporting the disbursement on COD.

**Post-Enrollment**

If the student is first selected for verification after ceasing to be enrolled at the school for the award year and all disbursements (including any late disbursements) have already been made, he or she may be excluded from verification.
### 2018-2019 Verification Tracking Flag Groups

<table>
<thead>
<tr>
<th>Tracking Flag</th>
<th>Tracking Group</th>
<th>Information Required to Be Verified</th>
</tr>
</thead>
</table>
| V1            | Standard Verification | Tax Filers:  
- Adjusted Gross Income (AGI)  
- U.S. Income Tax Paid  
- Untaxed Portions of IRA Distributions  
- Untaxed Portions of Pensions  
- IRA Deductions & Payments  
- Tax Exempt Interest Income  
- Education Credits  
- Number in Household  
- Number in College  
Non-tax Filers:  
- Income Earned from Work (W2 forms)  
- Number in Household  
- Number in College  
- IRS Verification of non-filing status dated on or after October 1, 2017*  
| V4            | Custom Verification | Tax Filers:  
- High School Completion Status  
- Identity/Statement of Educational Purpose  
Non-tax Filers:  
- Income Earned from Work (W2 forms)  
- Number in Household  
- Number in College  
- IRS Verification of non-filing status dated on or after October 1, 2017*  
- High School Completion Status  
- Identity/Statement of Educational Purpose  
| V5            | Aggregate        | Tax Filers:  
- Adjusted Gross Income (AGI)  
- U.S. Income Tax Paid  
- Untaxed Portions of IRA Distributions  
- Untaxed Portions of Pensions  
- IRA Deductions & Payments  
- Tax Exempt Interest Income  
- Education Credits  
- Number in Household  
- Number in College  
- High School Completion Status  
- Identity/Statement of Educational Purpose  
Non-tax Filers:  
- Income Earned from Work (W2 forms)  
- Number in Household  
- Number in College  
- IRS Verification of non-filing status dated on or after October 1, 2017*  
- High School Completion Status  
- Identity/Statement of Educational Purpose  |

*Please see “IRS Verification on Non-filing Statuses for Parent/Spouse Without a Social Security Number (SSN) section.

## Data Items To Be Verified

For 2018-19 applicants selected for verification will be placed into one of three verification tracking groups. The minimum number of items that must be verified for a selected applicant will vary depending upon which tracking group he or she has been assigned to. The school may choose to verify application items other than those required on a student’s ISIR, and may choose which students must provide additional documentation and what that documentation might be, in accordance with consistently applied institutional policies. The school is also required to verify any information it has reason to believe is incorrect on any application, whether or not the application was selected for verification and regardless of which tracking group the applicant has been assigned to.
Verification Tracking Groups

The following are the three verification tracking groups into which a selected applicant may be placed and the minimum number of data items that must be verified for each tracking group.

Tracking Flag V1: Standard Verification Group

- Household size
- Number enrolled in college
- For tax filers:
  - Adjusted Gross Income (AGI)
  - Income tax paid
  - Untaxed IRA distributions
  - Untaxed pensions
  - Education credits
  - IRA deductions and payments
  - Tax-exempt interest
- For non-filers
  - Income earned from work (W2 forms)
  - Verification of non-filing status dated on or after October 1, 2017 (See section Completing Verification for Non-Tax Filers)
    - If the parent(s) of a dependent student or spouse of an independent student do not have a SSN, ITIN or EIN they must submit a signed statement verifying that they do not have an SSN, ITIN or EIN, proof of income and tax filing status.
    - If income earned from work exceeds IRS 2016 tax filing requirement, then the parent(s) of a dependent student or spouse of an independent student is required to apply for an ITIN or EIN, file a tax return and submit a tax return transcript or a signed copy of the income tax return (acceptable documentation as per IFAP Electronic Announcement 1/9/19). See chart on page 4-22.

Tracking Flag V2: Reserved for future use by the Department

Tracking Flag V3: Reserved for future use by the Department

Tracking Flag V4: Custom Verification Group

- High school completion status
- Identity/Statement of Educational Purpose

Tracking Flag V5: Aggregate Verification Group

- Household size
- Number enrolled in college
- High school completion status
- Identity/Statement of Educational Purpose
- For tax filers:
  - Adjusted Gross Income (AGI)
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- Income tax paid
- Untaxed IRA distributions
- Untaxed pensions
- Education credits
- IRA deductions and payments
- Tax-exempt interest

➢ For non-filers
- Income earned from work (W2 forms)
- Verification of non-filing status dated on or after October 1, 2017 (See section Completing Verification for Non-Tax Filers)
  ○ If the parent(s) of a dependent student or spouse of an independent student do not have a SSN, ITIN or EIN they must submit a signed statement verifying that they do not have an SSN, ITIN or EIN, proof of income and tax filing status.
  ○ If income earned from work exceeds IRS 2016 tax filing requirement, then the parent(s) of a dependent student or spouse of an independent student is required to apply for an ITIN or EIN, file a tax return and submit a tax return transcript or a signed copy of the income tax return (acceptable documentation as per IFAP Electronic Announcement 1/9/19). See chart on page 4-22.

Tracking Flag V6: Reserved for future use by the Department

Household Size (V1 or V5 Tracking Groups)

A statement signed by the student (and at least one of the student’s parents, for dependent students), listing the names of the household members, their relationship to the student and their age fulfills the documentation requirement to verify this data item. A verification worksheet can be used to collect the statement and required signature(s).

Household size need not be verified if:

➢ for a dependent student, the household size reported for parents who are married, or who are unmarried and living together as 3, or for divorced, separated or widowed parents as 2.
➢ the household size for a married independent student is 2 or for a separated, divorced or widowed student is 1.
➢ the household size information was verified on an earlier transaction and hasn’t changed.

The following persons may be included in the household size of a dependent student:

➢ The student and his/her legal parents, even if the student is not living with them. Both legal parents (either biological or adoptive) must be included in the household if they are living together, even if their status is unmarried. This is true for divorced parents who may still be living together and legal parents in common-law or same-sex relationships. A parent who has died or is not living in the household because of separation or divorce should be excluded from the household size. An individual in a partnership with a legal parent who is not married to the student’s legal (biological or adoptive) parent should also be excluded from the student’s household.
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- The student’s children and siblings, regardless of where they live, if they will receive more than half support from the student’s parent(s) from July 1, 2018 through June 30, 2019. This includes siblings of the student and unborn children of either the student or parent who will receive more than 50% support from the student’s parent(s) from birth to the end of the award year. It also includes siblings who would be considered dependent based on the FAFSA dependency questions (even if they are not living at home or students who have applied for aid). To include children in the household size, the “support” test is used (rather than residency) because a parent may support a child who does not live with him or her, especially in cases of divorce or separation.

- Other persons who lived with and received more than half support from the student’s parent(s) at the time of application and will continue to do so for the entire award year.1 NOTE: foster children are not included in the household size and the money the family receives for their care is not included as income on the FAFSA. The IRS defines a foster child as any child placed with a family by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction. Therefore, a foster child, under the IRS definition, would not qualify for nor should appear as an income tax exemption.

If the parents are divorced and the parent whose income is included has remarried, or if the parent was a widow or widower who has remarried, family members would include the parent whose information is reported on the FAFSA, the stepparent, the dependents of the parent and the stepparent who are living with the parent and the student.

The following persons are included in the household size of an independent student:

- The student and his/her spouse, unless the spouse has died or is not living in the household because of separation or divorce.

- The student’s children, regardless of where they live, if they will receive more than half of their support from the student July 1, 2018 through June 30, 2019. This includes the student’s yet unborn child(ren) who will receive more than half support from the student from birth to the end of the award year.

- Other persons who lived with and received more than half support from the student at the time of application and will continue to do so for the entire award year. NOTE: foster children are not included in the household size and the money the family receives for their care is not included as income on the FAFSA. The IRS defines a foster child as any child placed with a family by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction. Therefore, a foster child, under the IRS definition, would not qualify for nor should appear as an income tax exemption.

Number Enrolled In College (V1 or V5 Tracking Groups)

A statement signed by the student (and, for dependent students, at least one of the student’s parents) giving the enrollment information for each family member attending a postsecondary

1 The parents’ dependent children need not be living in the parents’ residence, whereas other persons receiving more than 50% of their support from the parents must reside in the household during the course of the academic year to be included in the parents’ household size.
institution fulfills the documentation requirement to verify this data item. A verification worksheet can be used to collect the statement and required signature(s). If there is reason to doubt the college enrollment information reported, the student can be asked to obtain documentation from the other students and schools listed.

The number in college need not be verified if either of the following conditions apply:

- the number of family members enrolled in college is only 1.
- the enrollment information was verified on an earlier transaction and hasn’t changed.

The student should always be included in the # in college, but parents are not included. Other members of the household are counted if they are or will be enrolled at least half time in a degree or certificate program at a Title IV eligible institution during the 2018-2019 award year. Parents may only be included if the school, using professional judgment, documents a situation on a case by case basis where a parent attending college should be counted. Household members who are students at a U.S. military academy should not be included in the # in college because most of their primary educational expenses are paid for.

If the school has reason to believe that the information provided on the verification worksheet about the number of family members enrolled in college may be inaccurate, the school must obtain a statement from each school listed confirming the enrollment of the household member in question (unless such a statement is not available because the family member has not yet registered, or that the family member plans to register at the same institution as the applicant).

**High School Completion (V4 or V5 Tracking Groups)**

Students selected for this item must provide one of the following documents to demonstrate their high school completion status at the beginning of the 2018-19 academic year:

- A copy of the high school diploma
- A copy of a final, official high school transcript that shows the date when the diploma was awarded
- A copy of a General Educational Development (GED) certificate or GED transcript
- An academic transcript that indicates the student successfully completed at least a two-year program that is acceptable for full credit toward a bachelor’s degree
- A copy of a secondary school completion credential for homeschool (other than a high school diploma or its recognized equivalent) if state law requires homeschooled students to obtain that credential
- A transcript or the equivalent, signed by the parent or guardian of a home-schooled student, listing the secondary school courses the student completed and documents the successful completion of a secondary school education in a home-school setting.
- A copy of the DD214 (Certificate of Release or Discharge From Active Duty) if it indicates that the individual is a high school graduate or equivalent
- A refugee, an asylee, or a victim of human trafficking unable to obtain documentation of his or her completion of secondary school education in a foreign country should follow the guidance provided in FHD-Q2/A2

If a school has already obtained during the admission process one of the documents that is acceptable for verifying high school completion, no further document is needed for this requirement. Since the high school completion documentation requirements match the high
school credentials students must submit to be admitted to City University, colleges should verify
the student’s high school completion status through their Admissions Offices and not require the
student to re-submit this documentation to the Financial Aid Office. The Financial Aid Office is
responsible for obtaining the documentation from the Office of Admissions to ensure that there is
no conflicting information in the file prior to completing verification.

**Identity/Statement of Educational Purpose (V4 or V5 Tracking Groups)**

Students must appear in person at the school and present a valid, unexpired government-issued
photo identification (ID) such as a passport or a driver’s license or other state-issued ID. The ID
must be unexpired at the time it is collected. For proving identity it does not matter if the ID is
due to expire during the award year. An annotated copy of that ID that includes the date it was
received and the name of the FAA who was authorized to receive it must be maintained in the
student’s file. The school may determine which of its staff are authorized to review an applicant’s
identity. ED guidance recommends that the person(s) be full time staff and that the school keeps
a record of who they are.

Students must also sign in person a statement of educational purpose that certifies who they are
and that the federal student aid they may receive will only be used for educational purposes and
for the cost of attending the school for the 2018–2019 year. ED has issued the following required
language for this statement:

**Statement of Educational Purpose**

I certify that I ____________________________________ am the individual signing this
(Print Student’s Name)
Statement of Educational Purpose and that the federal student financial assistance I may
receive will only be used for educational purposes and to pay the cost of attending

Name of Postsecondary Institution

A student who is unable to appear at the school must submit a copy of the government-issued
ID and a signed original [wet signature] statement of educational purpose signed by a notary
public confirming that the student appeared before her and presented the ID confirming his
identity.
**Reporting results for Verification Tracking Flags V4 and V5**

Beginning with 2014–2015, results for any student for whom an ISIR with tracking flag V4 or V5—as selected by the CPS, not your school—is received and for whom you request verification documentation must be reported to ED. This information is reported on the FAA Access to CPS Online website by selecting the Identity Verification Results option from the main menu, and entering your school identifiers, the year, the student identifiers and one of the following numeric codes that most applies to the student:

1. verification completed in person, no issues found
2. verification completed using notary, no issues found
3. verification attempted, issues found with identity
4. verification attempted, issues found with HS completion
5. no response from applicant or unable to locate
6. verification attempted, issues found with both identity and high school completion

Because the FAA Access website does not store a list of these verification results for you to retrieve, it is recommended that you print and keep the confirmation page for your records. If there is a change in a result you have already submitted, you can submit the new code using the above process. Results for multiple records can be uploaded to CPS by uploading a flat text file instead of using this individual method.

FAAs are required to report the status of V4 and V5 within 60 days of notification to student and 30 days if there are changes to the student’s V4/V5 status.

**Tax Filers (V1 or V5 Tracking Groups)**

Students selected for verification who retrieved and transferred their income tax return information (and that of their legal parent(s) or spouse, as applicable) using the IRS Data Retrieval Process – either when initially completing the FAFSA or through the corrections process – are considered to have met the documentation requirements for verifying the FAFSA IRS information (type of tax return filed. Filing status, AGI, taxes paid, income earned from work, exemptions and the applicable untaxed income items listed in tracking groups V1 or V5) as long as the flag on the student's ISIR shows that the information was retrieved from the IRS and was not changed.

It is important to remember that successful use of the IRS Retrieval Process does not relieve a selected applicant from having to complete verification, but merely excuses them from having to submit an IRS tax transcript to the school. These students would still have to submit a signed verification worksheet and any additional documentation required to complete verification.

Under certain conditions, some applicants selected for verification will need to submit an IRS Tax Return Transcript or a signed copy of the federal income tax return for the student, his or her spouse, and his or her parents, as applicable. IRS tax transcripts submitted to the school for verification do not have to be signed by the filer, unless you have reason to doubt the authenticity.

These are the conditions under which IRS tax transcripts or a signed copy of the federal income tax returns may be required:

- When the student (or parent) did not or could not use the IRS Data Retrieval Process – either at the initial filing of the FAFSA or through a subsequent correction
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- When the information included on the FAFSA using the IRS Data Retrieval Process was subsequently changed
- When the person did not indicate on the FAFSA that a tax return has been completed
- When a marriage date is January 2017 or later
- When the first three digits of an SSN are 666
- When the person filed a non-U.S. tax return
- When the tax filing status of a married independent student and spouse is either “married filing separately” or “head of household”
- When the tax filing status of the married parents of a dependent student is either “married filing separately” or “head of household”
- When neither married parent entered a valid SSN
- When a non-married parent or both married parents entered all zeroes for the SSN

An institution may accept as documentation any IRS tax transcript that includes all of the income and tax information required to be verified: adjusted gross income (AGI), U.S. income tax paid, untaxed IRA distributions, untaxed pensions, education credits, IRA deductions and tax exempt interest. Therefore, because the Record of Account Transcript and the Return Transcript for Taxpayer (RTFTP) includes all of the above noted information, either document may be used to meet the verification requirements. However, because the Information Returns Processing Transcript Request - Wages (IRPTR-W) only provides wage information it does not satisfy the verification requirements.

For some filers the tax return transcript may show a “per computer” amount for some tax data that is different from what the filer reported to the IRS. The “per computer” amount should be used because it corrects mathematical errors and is more accurate than what appears on the return or was transferred via the DRT.

**WARNING**: When tax documents are collected from a student or his or her family, the FAA must examine the tax return items used to calculate the EFC to make sure no conflicting information exists. This means looking beyond the mandatory verification items to account for missing asset information, incomplete wage information, whether or not the filer was eligible to file an IRS EZ or short form, incorrect tax filing statuses, parents and student both claiming the student as a tax exemption, etc. The school has the obligation to resolve conflicting information between application data and the tax documents it has collected, even if the application was not selected for verification, and even if the FAA never asked the student to submit the tax documents.
### Which Tax Filing Status Is Reported If the Student and Spouse Filed Separately With Different Statuses?

<table>
<thead>
<tr>
<th>If the Student...</th>
<th>...and the Spouse...</th>
<th>Then answer the tax return filing status question:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Already completed</td>
<td>Already completed</td>
<td>Already completed</td>
</tr>
<tr>
<td>Already completed</td>
<td>Will file</td>
<td>Already completed – You will need to return to the FAFSA to update the tax return information for your spouse after your spouse completes his/her tax return.</td>
</tr>
<tr>
<td>Already completed</td>
<td>Not going to file</td>
<td>Already completed</td>
</tr>
<tr>
<td>Will file</td>
<td>Will file</td>
<td>Will file - You will need to return to the FAFSA to update the tax return information for you and your spouse after you complete your tax return(s).</td>
</tr>
<tr>
<td>Will file</td>
<td>Not going to file</td>
<td>Will file - You will need to return to the FAFSA to update your tax return information after you complete your tax return.</td>
</tr>
<tr>
<td>Will file</td>
<td>Already completed</td>
<td>Already completed – You will need to return to the FAFSA to update your tax return information after you complete your tax return.</td>
</tr>
<tr>
<td>Not going to file</td>
<td>Already completed</td>
<td>Already completed</td>
</tr>
<tr>
<td>Not going to file</td>
<td>Will file</td>
<td>Will file - You will need to return to the FAFSA to update the tax return information for your spouse after your spouse completes his/her tax return.</td>
</tr>
<tr>
<td>Not going to file</td>
<td>Not going to file</td>
<td>Not going to file</td>
</tr>
</tbody>
</table>

### Which Tax Filing Status Is Reported If the Parents Filed Separately With Different Statuses?

<table>
<thead>
<tr>
<th>If one parent...</th>
<th>...and the other parent...</th>
<th>Then answer the tax return filing status question:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Already completed</td>
<td>Already completed</td>
<td>Already completed</td>
</tr>
<tr>
<td>Already completed</td>
<td>Will file</td>
<td>Already completed – You will need to return to the FAFSA to update the tax return information for the parent who indicated &quot;Will file&quot; after that parent completes his/her tax return.</td>
</tr>
<tr>
<td>Already completed</td>
<td>Not going to file</td>
<td>Already completed</td>
</tr>
<tr>
<td>Will file</td>
<td>Will file</td>
<td>Will file - You will need to return to the FAFSA to update the tax return information for both parents after your parents complete their tax return(s).</td>
</tr>
<tr>
<td>Will file</td>
<td>Not going to file</td>
<td>Will file - You will need to return to the FAFSA to update the tax return information for the parent who indicated &quot;Will file&quot; after that parent completes his/her tax return.</td>
</tr>
<tr>
<td>Not going to file</td>
<td>Not going to file</td>
<td>Not going to file</td>
</tr>
</tbody>
</table>
Filers of Joint Tax Returns Who Are No Longer Married

When an independent student or the parents of a dependent student filed a joint return but are now separated, divorced, widowed, or remarried to someone else, the school must collect copies of the W-2 forms along with the IRS tax transcript or a signed copy of the federal income tax return in order to meet the regulatory documentation requirement for verification. (If the individuals are self-employed, or if no W-2 forms are available, a signed statement may be accepted instead of the W-2 form.) The portion of income and taxes paid from the joint return that can be attributed to the student or parent (and the new spouse, if applicable) will be computed and verified by the school. Interest, dividends and business income received by the student or parent are added to the earned income to arrive at the computed AGI. Generally, income from jointly held businesses, accounts or investments are divided equally.

There are two ways of computing taxes paid by a separated, divorced or widowed student or parent who filed a joint return with the former spouse. In the first method, known as proportional distribution, the FAA determines what proportion of the AGI the person in question was responsible for, and applies that percentage to the tax paid. The second method has the FAA use the IRS tax table to figure the amount of tax the parent or student would have had to pay if a separate return had been filed.

See below for examples provided in the 2018-2019 Application and Verification Guide (AVG):

Using a joint return to figure individual AGI and taxes paid; if the filer of a joint return has become widowed, divorced, or separated since filing the return, it may be necessary to determine the individual’s income and taxes paid using the joint return and W-2 forms. If a W-2 is not available (the filer is self-employed for example) or if a duplicate copy from the employer who issued the original W–2 is not available in a timely manner, the school may permit the filer to provide a signed statement that certifies the base year AGI and U.S. taxes paid. If he has divorced and married someone new, then the new spouse’s income and assets would also need to be included.

Add the income amounts from the individual’s W-2 forms to any other income that can be extracted from the joint return. Any interest or business income earned on joint accounts or investments should be assessed at 50%. The same procedure should be used to divide business or farm losses. Also, if the AGI listed on the joint return was adjusted, you should reduce the individual’s AGI by the portion of the adjustment that applies solely to him or her. For example, if an adjustment was made for moving expenses, which applies to the couple jointly, only 50% of the adjustment amount can be applied against the individual’s income. An AGI figure can be calculated for the individual filer. A signed statement from the filer certifying that the data from the joint return were accurately assessed is sufficient documentation for this method. Use one of the following methods to figure the individual’s taxes paid:

- **Tax table (preferred method recommended by US Department of ED).** Using the IRS Tax Table or Tax Rate Schedule for the appropriate year, calculate the amount of tax that
would have been paid if a separate return had been filed. Use the deduction and number of exemptions the individual could have claimed if he or she had filed a separate return. (If itemized deductions were taken, count only the portion of those deductions that could have been claimed on a separate tax return.)

- **Proportional distribution.** Determine what percentage of the joint AGI was attributable to the individual, and then assess the joint taxes paid by that same percentage.

**Example 1: Calculating individual AGI from joint return example**

Eddy’s application is selected for verification. He and his wife filed a joint return for 2016 and have since separated. The AGI on Eddy’s FAFSA matches the AGI of $53,700 on the 2016 tax return, which means it’s wrong because it includes his wife’s income.

- **Answer:** Eddy’s W-2 shows that his income for 2016 was $23,900, and the tax return shows $400 in interest. Because it was interest on a joint savings account, the aid administrator adds $200 of it to Eddy’s income and submits $24,100 as the corrected income via FAA Access.

**Example 2: Calculating individual taxes paid from a joint return**

The aid administrator determines that Eddy’s part of the $53,700 AGI he and his wife reported is $24,100. Eddy and his wife claimed four exemptions on their tax return (themselves, one child, and Eddy’s nephew). Eddy’s wife has custody of the child and will claim him as her dependent when she files her tax return for 2016. Eddy’s nephew still lives with him. Therefore, Eddy would have had two exemptions (himself and his nephew), totaling $8,100. In the new situation, Eddy’s filing status is “head of household” instead of “married.” Therefore, his standard deduction is $9,300 (instead of the $12,600 for married filers). Eddy’s income of $24,100 minus the $8,100 for exemptions and the $9,300 standard deduction results in $6,700 in taxable income.

- **Answer:** The aid administrator uses the tax table to determine how much tax Eddy would have paid on this amount, taking into account any applicable credits reported on the original return. With a taxable income of $6,700, the amount of tax paid from the tax schedule would be $673. To use the proportional distribution method instead, the aid administrator figures out what percentage of the joint AGI Eddy’s income represents. The percentage is 45% (24,100 divided by 53,700 is .4488). The aid administrator then multiplies the income tax paid as reported on the tax return ($2811 for this example) by this percentage. Therefore, Eddy’s income tax paid would be $1,265 (.45 x $2811).

**When an Official Tax Return Transcript is Not Available**

In very limited circumstances, the school may accept a signed paper copy of a 2016 income tax return or other alternative documentation for verification purposes through guidance provided by the department and must document the limited circumstance that allowed the applicant to submit a copy of the income tax return. Currently, the Department of Education only permits four
instances where a signed preparer’s copy of a tax return is acceptable:

- Tax returns from foreign countries and other specific locations
- Victims of identity theft - Must submit a Tax Return DataBase View (TRDBV) transcript
- Tax Filing extension
- Tax return missing
- When specified by ED through guidance published on IFAP

**NOTE:** If the student, parent or spouse, as applicable, filed a foreign or Puerto Rican tax return, a preparer copy of the tax return may be accepted in lieu of an IRS tax transcript. The income information on a non-IRS form should be taken from the lines of the form that corresponds most closely to the AGI and taxes paid lines on a U.S. income tax return and converted to U.S. dollars.

**Verification of Income Earned in a Foreign Country or U.S. Territory**

**Filers of non-IRS Tax Returns**

An FAA may accept a transcript obtained from a government of a U.S. territory or commonwealth or a foreign nation (i.e. non-IRS tax document) that includes all of the tax filer’s income and tax information required to be verified for tax year 2016.

In general, an FAA may only accept a copy of the tax return, which must be signed by the filer or one of the filers of a joint return, when the following conditions apply:

- The tax filer filed an income tax return with a foreign tax authority that charges a fee to obtain tax account information

  AND

- The tax filer indicates that they are unable to obtain the tax account information free of charge

A tax filer in this situation must provide the institution with:

- Documentation that the tax authority charges a fee to obtain tax account information,

  AND

- A signed copy of his or her income tax return that was filed with the relevant tax authority.

**Exception:** [DOC-Q28](#) of the program integrity Q and A lists tax authorities that are known to charge a fee to obtain tax account information. Filers of returns from these tax authorities may provide institutions with a signed copy of their income tax return that was filed with the relevant tax authority. Filers do not need to provide proof that there is a charge to obtain tax account information since it is known that these authorities impose such a charge.
The following tax authorities are known to charge a fee for tax account information:

- Guam
- Commonwealth of the Northern Mariana Islands,
- Commonwealth of Puerto Rico
- U.S. Virgin Islands.

The following foreign tax authority is known NOT to charge a fee to obtain tax account information:

- American Samoa

Tax filers in this category must provide institutions with a copy of their tax account information if selected for verification.

If the FAA questions the accuracy of the information on the signed copy of the return, the filer must provide the institution with a copy of the tax account information issued by the tax authority.

Using a Foreign Tax Document and Conversion to U.S. Dollar Amounts:

The income and tax information that most closely corresponds to the information on the IRS tax return should be used and monetary amounts should be converted into U.S. dollars as appropriate. To do this use the published exchange rate in effect for the date nearest to the date the applicant completed the FAFSA. Go to the Federal Reserve Exchange rate release webpage https://www.federalreserve.gov/releases/h10/current/ to find the accurate conversion.

Foreign Income for Non-Tax Filers

Individuals who earned income from a U.S. territory or in a foreign country who are not required to file a tax return can provide a signed statement:

- giving the sources and amounts of the person’s income earned from work for the year
- that certifies that the person has not filed and is not required to file a tax return (the verification worksheet includes this statement). NOTE: students may sign on a non-filing spouse’s behalf.

AND

- A document from the foreign tax authority that is comparable to an IRS Verification of Non-Filing letter if that tax authority can provide similar documentation.

If the tax authority does not provide such documentation or if the individual is unable to obtain the documentation then a signed and dated statement from the individual stating either that the tax authority does not provide such documentation or that the individual was unable to obtain the documentation after contacting the tax authority is acceptable. (See Program integrity Q and A DOC Q-30)

NOTE: Foreign income (except income earned from work which is always reported as wages) that was not taxed by any government and is not part of the Foreign Earned Income Exclusion must be reported on the FAFSA as “other untaxed income” under questions 45i (student) and 94i (parents of dependent students) as applicable. For residents of the Freely Associated States (the Republic of the Marshall Islands, the Republic of Palau, or the Federated States of Micronesia), a
copy of the wages and tax statement from each employer and a signed statement identifying all of the person’s income for the year is acceptable.

Victims of Identity Theft

Victims of identity theft who cannot get a return transcript nor use the DRT must submit a Tax Return DataBase View (TRDBV) transcript as well as a signed and dated statement indicating that they were victims of tax-related identity theft and that the IRS has been made aware of it. They do this by calling the IRS’s Identity Protection Specialized Unit (IPSU) at 800-908-4490. After the IPSU authenticates the tax filer’s identity, they can ask the IRS to mail her the TRDBV transcript, which is an alternate paper transcript that will look different than a regular transcript but that is official and can be used for verification. Unless you doubt the transcript’s authenticity, you don’t need to get an IRS signature or stamp or any other validation. See DCL GEN-14-05 for a sample TRDBV transcript. Those who cannot obtain a TRDBV transcript may instead submit another official IRS transcript or equivalent IRS document if it includes all of the income and tax information required to be verified.

Tax Filing Extensions

If a required tax return for a student, spouse or parent has not been filed by the time of verification and an additional filing extension has been granted beyond the automatic 6 months by the IRS, the school must accept as alternative documentation all of the following:

- A copy of IRS Form 4868 filed
- A copy of the IRS’s approval of an extension beyond that provided by Form 4868
- Copies of the W-2 forms for each source of employment
- A self-employed individual may submit a signed statement of his or her AGI and taxes paid in place of the required W-2s
- Verification of non-filing status letter dated on or after October 1, 2017

The school must then use this documentation to compute the AGI and taxes paid amounts that should appear on the ISIR. Once this documentation is furnished and the application review completed, the student may be awarded and disbursed federal aid on the basis of this alternative documentation. If documentation of the filing extension has been provided, the school may not delay verifying a student’s FAFSA information until the tax return is actually filed. The school is given the option, when the final tax returns are filed, to require an IRS tax transcript or a signed copy of the federal income tax return from each individual who was granted a filing extension. If the school does collect the IRS tax transcript, it must re-verify the IRS tax data. If corrections to the previous data are necessary, the student’s eligibility must be reviewed and award amounts recalculated on the basis of any change in EFC.

Tax Return is Missing

If a person did not retain a copy of their 2016 tax information and it cannot be located by the IRS or the relevant government agency, they must submit a signed statement indicating that they did not keep a copy of their tax information as well as documentation from the taxing authority indicating that that information cannot be located. Also, you must accept for an IRS filer either a
copy of Form W–2 for each source of employment income received for 2016 or, if they are self-employed, a signed statement certifying the amount of AGI and taxes paid. For someone who filed an income tax return with a government of a U.S. territory or commonwealth or a foreign central government, accept a copy of a wage and tax statement or a signed statement certifying the amount of AGI and taxes paid for 2016.

2016 “Who Must File” Chart (for most taxpayers)

<table>
<thead>
<tr>
<th>If your filing status is...</th>
<th>AND at the end of 2016 you were*...</th>
<th>THEN file a return if your gross income** was at least...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>under 65 65 or older</td>
<td>$10,350 $11,900</td>
</tr>
<tr>
<td>Married filing jointly***</td>
<td>under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses)</td>
<td>$20,700 $21,950 $23,200</td>
</tr>
<tr>
<td>Married filing separately</td>
<td>any age</td>
<td>$4,050</td>
</tr>
<tr>
<td>Head of household</td>
<td>under 65 65 or older</td>
<td>$13,350 $14,900</td>
</tr>
<tr>
<td>Qualifying widow(er) with dependent child</td>
<td>under 65 65 or older</td>
<td>$16,650 $17,900</td>
</tr>
</tbody>
</table>

*If born on January 1, 1952, you are considered to be age 65 at the end of 2016.

**Gross income** means all income received in the form of money, goods, property, and services that is not exempt from tax, including any income from sources outside the U.S. or from the sale of your main home (even if you may exclude part or all of it). **Do not** include social security benefits unless (a) you are married, filing a separate return and you lived with your spouse at any time in 2016 or (b) ½ of your social security benefits plus your other gross income and any tax-exempt interest is more than $25,000 ($32,000 if married filing jointly).

***If you did not live with your spouse at the end of 2016 (or on the date your spouse died) and your gross income was at least $4,050, you must file a return regardless of age.

**NOTE:** If a parent (or someone else) can claim you as a dependent, you must file a tax return if you are under age 65, either single or married, and had earned income over $6,300 or unearned income over $1,050. If an individual has earnings from self-employment exceeding $400, he or she would also be required to file a tax return. Please see 2016 IRS Publication 17 for more details.
2016 IRS Standard Deduction

<table>
<thead>
<tr>
<th>Standard Deduction Chart for Most People*</th>
<th>YOUR standard deduction is...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single or Married filing separately</td>
<td>$ 6,300</td>
</tr>
<tr>
<td>Married filing jointly or Qualifying widow(er) with dependent child</td>
<td>12,600</td>
</tr>
<tr>
<td>Head of household</td>
<td>9,300</td>
</tr>
</tbody>
</table>

*Don't use this chart if you were born before January 2, 1952, or are blind, or if someone else can claim you (or your spouse if filing jointly) as a dependent.

*If an individual was born before January 2, 1952, or are blind, or if another person can claim the individual as a dependent, please see IRS Publication 501.

Eligibility to file a 1040A or 1040EZ

In general, you are eligible to file a 1040A or 1040EZ if you:
- Make less than $100,000 per year
- Do not itemize deductions
- Do not receive income from your own business or farm
- Do not receive self-employment income or alimony
- Are not required to file Schedule D for capital gains

Completing Verification for Non-Tax Filers

IRS Verification of Non-filing:

Beginning with the 2018-2019 award year, IRS verification of non-filing status is required for parents of dependent students, independent students and their spouse. Dependent students are not required to submit a verification of non-filing status unless there is conflicting information. If the parent(s) of a dependent student or spouse of an independent student do not have a SSN, ITIN or EIN, please see below for more details. Verification of non-filing status can be obtained by submitting a 4506-T to the IRS.

IRS documents that clearly indicate that the IRS does not have a tax return record on file for the tax year are acceptable for verification of non-filing. This includes a Tax Return Transcript or a Tax Account Transcript that includes a message such as “no record of return filed” or “no transcript on file”. See below for more information on “messaging”. The verification of non-filing status statement should be dated on or after October 1st, 2017 for the 2018-19 academic year. Some IRS documents may state that the request cannot be completed because there is a tax return on file. In these cases, the individual should request a Tax Return Transcript.

NOTE: Individuals who have never filed a tax return with the IRS must submit the 4506-T form by mail; online requests cannot be processed for such individuals.
Unable to Obtain an IRS Verification of Non-filing (VNF)

If the independent students, and parents of dependent students who did not file and are not required to file an income tax return for the applicable tax year are unable to obtain VNF from the IRS or other tax authorities and, based upon the institution’s determination, it has no reason to question the student’s or family’s good-faith effort to obtain the required documentation the institution may accept:

- A signed statement certifying that the individual—
  - Attempted to obtain the VNF from the IRS or other tax authorities and was unable to obtain the required documentation; and
  - Has not filed and is not required to file a 2017 income tax return, and a listing of the sources of any 2017 income earned by the individual from work and the amount of income from each source; and

- A copy of IRS Form W–2, or an equivalent document, for each source of 2017 employment income received by the individual.

Note: A dependent student who is a nontax filer is excluded from the verification requirement to provide confirmation of the dependent student’s non-filing status from the IRS or other relevant tax authority.

**IRS Verification of Non-filing Messaging:**

As previously stated, a Tax Return Transcript and a Tax Account Transcript that includes a message such as “no record of return filed” or “no transcript on file” is acceptable documentation for verification of non-filing because these IRS documents clearly indicate that the IRS does not have a tax return record for the requesting individual for the relevant tax year. Another example of acceptable proof of non-filing status is the message “requested data not found.”

**Important:** Some IRS documents, including tax transcripts, may include a message that indicates that the request “could not be processed”, or the “request could not be honored”. Any IRS document with such unclear messages is **not acceptable** documentation for verification of non-filing. The individual should follow the instructions provided by the IRS to obtain further documentation that provides a clear and precise message. For additional guidance refer to the electronic announcement dated February 23, 2017.

**IRS Form 13873**

In some instances, instead of providing the requested document, 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 non-filing or that states that the IRS has no record of a tax return is acceptable documentation of non-filing.

IRS Form 13873 may also be provided by the IRS for a number of other reasons and may contain messaging that is nonspecific to the IRS document request. The US Dept. of ED notified colleges that they were informed by the IRS that Form 13873 may also be used to communicate to the individual that the IRS is unable to fulfill the document request because the request itself was incomplete or included inaccurate information. In these cases, the individual should follow the instructions provided by the IRS to obtain further documentation that includes a clear and precise message. Institutions should thoroughly review any IRS Form 13873 to ensure that the messaging and information provides a clear response to the documentation request and satisfies documentation requirements for verification.

**Non Tax-Filers with Earned Income**

In instances where the individual was not required to file a tax return (see page 4-22 for IRS filing requirements), parent(s) of dependent students and spouse of independent students must submit W-2 and/or 1099 forms from each source of employment income received for 2016 in addition to the IRS verification of non-filing statement dated on or after October 1st, 2017. While dependent students are not required to submit proof of non-filing status, a school must document wages earned by collecting all applicable W-2 forms for the student. Individuals who are unable to obtain W-2 forms in a timely manner should write a statement explaining why they cannot obtain the W-2 form(s) as well as certifying the amount of income earned from each source of employment in 2016. This information should be reported on the verification worksheet. If it is determined that the individual in question was required to file a federal tax return (e.g., his or her wages met the IRS threshold for filing), this constitutes conflicting information which must be fully resolved before the FAA can continue processing the student's federal aid application (refer to page 22 of this chapter for IRS tax filing requirements).

An AGI figure is not available for persons not required to file a tax return. A non-filer reports all income earned from work (whether or not it appears on a W-2 form) on the appropriate “income earned from work” lines of the FAFSA. Income earned from work should not be reported as “untaxed income” on the FAFSA. One frequently encountered situation occurs when the parents of a dependent student who are neither citizens nor permanent residents of the U.S. report foreign income on the FAFSA (see foreign income section).

When a non-filer reports income from work on the FAFSA that is above the IRS filing requirements, the FAFSA is rejected with reason code 20 instructing the student to review and make the necessary corrections to the FAFSA. The FAA can override the reject without changing the responses to the data items, but should do so only after documenting both the accuracy of the non-filer status and the amounts of the income earned from work.

**“Zero” Income**

Occasionally, a student or the student’s family may report zero income for the base year. If a student’s sole source of family income was from public assistance or social security disability, the reported income on the FAFSA would be ‘zero’ because these income sources are not required to be reported on the application. There may be tax write-offs that produce a negative AGI or the
student may have failed to report untaxed income.

If the individual had no income earned from work, and did not (and was not required to) file a tax return, they would complete the signed statements on the verification worksheet (or the equivalent) to verify non-filer status and zero earned income. Verification of non-filing status from the IRS is also required (except for a dependent student). The FAA should determine if there is unreported untaxed income, in-kind support or a federal means-tested benefit that explains the family support and may need to be reported on the FAFSA. Any cash support for the student, other than support from a parent for a dependent student, counts as untaxed income and should be reported on the FAFSA. In-kind help from a friend or relative – such as using a room at an aunt’s house or eating meals with her family – would not be considered untaxed income or reported on the FAFSA. However, the FAA should note receipt of such in-kind support in the student’s file. Professional judgment may be used to adjust income line items to reflect unreported sources of income when the tax return(s) have a zero or negative AGI or to account for the value of in-kind support.

**IRS Verification of Non-filing Status for Parent/Spouse Without a Social Security Number (SSN)**

Schools are required to verify non-filing status for parent(s) of dependent students and spouse of independent students even if they do not have an SSN, ITIN or EIN. This can be resolved by obtaining a signed statement from the relevant party [parent(s) of a dependent or an independent student’s spouse].

**NOTE:** An independent student may sign a statement of non-filing on behalf of their spouse.

**Tax Filing Requirements for Non-Citizens Without SSNs**

Noncitizens must file a U.S. federal income tax return for wages earned regardless of whether that income comes from U.S. or non-U.S. sources, unless the only income received from a U.S. source is less than the personal exemption amount. Not having an SSN does not prevent an individual from filing a federal tax return when otherwise required by the IRS to do so. If a resident or non-resident alien is required to file a federal tax return but does not have and is not eligible for an SSN, they may apply to the IRS to obtain an ITIN or EIN so they may file the necessary tax return. If any individual was required to file a federal tax return (e.g., their wages meet the IRS threshold for filing), but did not file one, this constitutes conflicting information which must be fully resolved before you may continue processing the student's federal aid application (refer to page 22 of this chapter for IRS tax filing requirements).

**NOTE:** Individuals who submit W-2s that total a gross income that equals or exceeds the IRS tax filing threshold must request a SSN, an ITIN, or an EIN and file an income tax return before the student is eligible to receive Title IV aid.

A tax filer without an SSN whose information is reported on a FAFSA will not pass the IRS Data Retrieval Process because the ID number for the individual is reported as all zeroes on the FAFSA. IRS tax transcripts or signed copies of federal income tax returns would have to be obtained for these individuals.
<table>
<thead>
<tr>
<th>Document</th>
<th>Required Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student’s IRS Tax Return Transcript</td>
<td>Filer’s signature encouraged but not required*</td>
</tr>
<tr>
<td>Parent’s IRS Tax Return Transcript</td>
<td>Filer’s signature encouraged but not required*</td>
</tr>
<tr>
<td>Student’s IRS Record of Account Transcript</td>
<td>Filer’s signature encouraged but not required*</td>
</tr>
<tr>
<td>Parent’s IRS Record of Account Transcript</td>
<td>Filer’s signature encouraged but not required*</td>
</tr>
<tr>
<td>Student’s U.S. Tax Return (if collected)</td>
<td>Any one of the following: Student</td>
</tr>
<tr>
<td></td>
<td>Student’s spouse (if married)* Tax preparer, including Social Security</td>
</tr>
<tr>
<td></td>
<td>Number (SSN) or Employer Identification Number (EIN) or Preparer</td>
</tr>
<tr>
<td></td>
<td>Tax ID Number (PTIN); Tax preparer’s stamp, including SSN, EIN or PTIN;</td>
</tr>
<tr>
<td></td>
<td>Tax preparer’s name, plus the SSN, EIN or PTIN printed or typed</td>
</tr>
<tr>
<td>Parent’s U.S. Tax Return (if collected)</td>
<td>Any one of the following: Parent whose income is on the form; Tax preparer, including</td>
</tr>
<tr>
<td></td>
<td>SSN, EIN or PTIN; Tax preparer’s stamp, including SSN, EIN or PTIN;</td>
</tr>
<tr>
<td></td>
<td>Tax preparer’s name, plus the SSN, EIN or PTIN printed or typed</td>
</tr>
<tr>
<td></td>
<td>For joint returns, only one parent’s signature is required.</td>
</tr>
<tr>
<td>Dependent Student Verification Worksheet</td>
<td>Student and at least one parent</td>
</tr>
<tr>
<td>Independent Student Verification Worksheet</td>
<td>Student</td>
</tr>
<tr>
<td>Child Support Statement</td>
<td>Student, Spouse or Parent who pays the child support</td>
</tr>
<tr>
<td>Third Party Documentation – e.g., court</td>
<td>At the discretion of the school</td>
</tr>
<tr>
<td>documents, letters from postsecondary</td>
<td></td>
</tr>
<tr>
<td>institutions</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Faxed or photocopied signatures on verification documents are acceptable assuming that they are legible. Any required signatures must be collected at the time of verification and cannot be collected after the verification deadline for that award year.

* Required if doubt the authenticity
The Below Chart From irs.gov indicates the type of transcripts available:

<table>
<thead>
<tr>
<th>Transcript Types</th>
<th>4506-T</th>
<th>Get Transcript Online</th>
<th>Get Transcript by Mail</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tax Return Transcript</strong> - shows most line items from your tax return (Form 1040, 1040A or 1040EZ) as it was originally filed, including any accompanying forms and schedules. This transcript doesn't show account changes made after the return is processed. A return transcript usually meets the requirements of lending institutions offering mortgages and student loans.</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Tax Account Transcript</strong> - shows basic data including return type, marital status, adjusted gross income, taxable income, credits and payments. It also shows adjustments made by you or the IRS after you filed the return. <strong>Note:</strong> If you made estimated tax payments and/or applied your overpayment from a prior year tax return to your current year tax return, you can use this transcript to confirm these payments or credits a few weeks after the beginning of the calendar year prior to filing your current year return.</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Record of Account Transcript</strong> - combines the information from both the tax account and tax return transcripts.</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>Wage and Income Transcript</strong> - shows data from information returns reported to the IRS, such as W-2s, 1099s and 1098s. Current tax year information may not be complete until July.</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>Verification of Non-filing Letter</strong> - proof from the IRS that you didn’t file a return this year. Current year requests aren’t available until after June 15. This letter doesn’t address whether you, the taxpayer, are required to file a tax return for a given tax year. A taxpayer may fail to file a tax return even though he/she is required to do so.</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

**Note:** The tax account transcript on its own does not satisfy the requirements to complete income verification as it contains limited information.
Completing the Verification Process

When all necessary verification documents have been obtained from a student, this information should be compared with the information reported on the SAR/ISIR. If verification shows that all the information provided on the SAR/SIR is correct, and there is no conflicting information, aid for which the student is eligible may be awarded and disbursed. If corrections are required, they should be submitted to CPS. Once the corrections are processed, the subsequent transaction should be reviewed for accuracy before aid can be awarded.

New FAFSA Security Enhancements & Possible Conflicting Information

Beginning with the 2018-2019, the Department of Education has enhanced the security and privacy of the sensitive personal data transferred into the FAFSA form from the IRS. The applicant/parent information has been encrypted and the transferred data removed from view on both the IRS DRT website and on the FAFSA. As a result, any CPS web edits that include information transferred from the IRS will no longer be presented to the applicant or parent. Instead, new SAR comments will display on the ISIR (and SAR) to alert the FAA that at least one edit was triggered but could not be displayed to the applicant or parent and therefore, could not be resolved online. The comment codes are 400 (for parents) and 401 (for applicants). The following comment will be displayed on the ISIR (and SAR) for parent and student edits respectively:

400 = Your Financial Aid Administrator may contact you to resolve any issues related to parental data reported on your FAFSA.

401 = Your Financial Aid Administrator may contact you to resolve any issues related to data reported on your FAFSA.

Reasons why Comment Code 400 or 401 might be generated include the following:

For Dependent Students and Independent Students:

- Student is a tax filer (FAFSA Question 32) and the AGI retrieved from the IRS is zero, but the total income earned from work (FAFSA Questions 39 and 40) is greater than zero.
- The total of the Additional Financial Information fields reported on the FAFSA form (FAFSA Questions 44a-f) is greater than the AGI transferred from the IRS.
- Any item from the FAFSA list of Untaxed Income (FAFSA Questions 45a-j) is equal to or exceeds the AGI transferred from the IRS.

For Parents of Dependent Students:

- Parent is a tax filer (FAFSA Question 80) and the AGI retrieved from the IRS is zero, but the total income earned from work (FAFSA Questions 88 and 89) is greater than zero.
- The total of the Additional Financial Information fields reported on the FAFSA form (FAFSA Questions 93a-f) is greater than the AGI transferred from the IRS.
- Any item from the FAFSA list of Untaxed Income (FAFSA Questions 94a-i) is equal
to or exceeds the AGI transferred from the IRS.

**Resolution of Comment Code 400/401:**

To ensure that correct information is used to determine the applicant’s Title IV eligibility, when Comment Code 400 or 401 appears on an ISIR, the institution must review the relevant data items for all possible conditions noted above. In many instances, this review may require contacting the student or parent and obtaining documentation to support the accuracy of the information. If the information is determined to be incorrect, institutions must submit corrections.

**NOTE:** Sometimes there are reasons other than those outlined in this section why Comment Code 400 or 401 may appear on an ISIR. Those technical reasons do not require follow up by an institution. Therefore, once an institution has reviewed each of the conditions discussed above, it need not take any further action. If V1/V5 verification is completed then no further action is required.

**New and Changed IRS Request, Display and Data Fields Flags**

As a result of the enhanced encryption of FAFSA on the Web (FOTW), the Department of Ed has made several changes and updates including new IRS Request Flags, Data Field Flags, and how IRA and pension rollovers and income earned from work are reported on the FOTW.

**IRS Request Flags**

- **Blank** = IRS Data Retrieval Tool not available in the application method utilized (i.e., paper FAFSA, EDE or FAA Access)
- **00** = Ineligible to use the IRS DRT and was not presented with the option
- **01** = Presented with the option to use the IRS DRT, elected to use it, but did not transfer data to FAFSA
- **02** = IRS data was transferred from the IRS and was not changed by the user prior to submission of the application or correction
- **03** = IRS data was transferred from the IRS and then changed by the user prior to submission of the application or correction
- **04** = IRS data was transferred from the IRS and then changed by the user on a subsequent transaction
- **05** = Student/parent was presented with the option to use the IRS DRT, but did not elect to use it
- **06** = IRS data was transferred from the IRS, but a subsequent change made the parent/student ineligible to use the IRS DRT
- **07** = IRS data was transferred from the IRS, but the IRS indicated that the parent/student filed an amended tax return
Rollover

If an amount greater than $0 is transferred from the IRS into the Untaxed Portions of IRA Distributions field or the Untaxed Portions of Pensions field in the FAFSA form, the applicant or parent will be required to answer a new question about whether or not that amount includes a rollover. If the applicant or parent answers “yes,” he/she will be required to provide the amount of the rollover in a new entry field. The CPS will then subtract the user-reported rollover amount from the amount of the IRA or Pension distribution that was transferred from the IRS, and the result will be used in the calculation of the applicant’s expected family contribution (EFC). If applicant used DRT and reported a rollover amount, then the IRS DRT will remain valid as long as no other data fields were changed.

To document the Rollover amount, an FAA can collect one of the following items:

- A signed statement from the tax filer certifying the rollover amount
- A signed copy of a 1040 confirming the rollover amount
- A signed notation from the tax filer indicating the word “rollover” on the IRS Tax Return Transcript

Income Earned From Work

Because IRS-transferred information will not be displayed, applicants and parents who filed a joint tax return will no longer be able to transfer their combined income earned from work into the FAFSA from the IRS DRT. These joint filers will now be required to enter their income earned from work manually. Single applicants and single parents will continue to have their income earned from work transferred from the IRS into their FAFSA.

IRS Request Flag Value of 06:

Request flag 06 is used when the 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. For example, an applicant reported on the FAFSA that he was married as of 04/2008 and filed a joint tax return. He used the IRS DRT to transfer information from that joint tax return into his FAFSA. He then subsequently corrects his marital status date to 03/2017 and becomes ineligible to use the IRS DRT. This correction to his marital status date means that he was not really eligible to use the IRS DRT initially, and therefore, the tax return information provided on his FAFSA is very likely inaccurate.

If an institution receives an ISIR with an IRS Request Flag value of 06, it must contact the applicant or parent, as applicable, to determine if the income tax return information that was transferred into the FAFSA is correct (e.g., does it include information for the correct parties) given the changes the applicant or parent made to IRS DRT eligibility criteria, and make any necessary changes to the applicant’s record.

IRS Request Flag Value of 07:

Beginning with the 2018-2019 academic year, tax filers with an amended tax return are eligible to use the IRS DRT. There is a new IRS Request Flag with a value of 07 that indicates that the applicant or parent filed an amended tax return. This flag will be set when the applicant or parent links to the IRS, successfully authenticates, chooses to transfer his/her information into the FAFSA, and the IRS determines that the tax filer has an amended return on file for the relevant
tax year. However, the income and tax information that is transferred from the IRS will be from
the originally filed tax return and will not include changes that were made on the amended tax
return (IRS Form 1040X).

If an institution receives an ISIR with an IRS Request Flag value of 07, it 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.

**How to resolve IRS Request Flag 07:**

**SELECTED FOR VERIFICATION**

If the applicant is selected for verification and the IRS Request Flag is “07,” the institution needs
to determine from the ISIR which tax filer—the student and/or the dependent student’s
parent(s)—filed an amended return and document both the original and amended tax return
information. The tax filer needs to provide:

- The signed copy of IRS Form 1040X that was filed with the IRS; and either of the
  following
- A signed or unsigned IRS Tax Return Transcript or a signed copy of the federal income
tax return or any other IRS tax transcript containing all income and tax information from
the original tax return that is subject to verification; or
- Unchanged IRS DRT data on the Institutional Student Information record (ISIR)

**NOTE:** The Tax Account Transcript can be used in conjunction with a Tax Return
Transcript to complete verification without a copy of the 1040X (regardless of whether a
1040X was required). Also, an IRS Record of Account Transcript can be used by itself
(without a 1040X, Tax Return Transcript, or DRT) to complete verification of the income
data.

**NOT SELECTED FOR VERIFICATION**

If the applicant is not selected for verification, but there is an IRS Request Flag of “07” on the
ISIR, the school 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. In
such cases, the school can choose what documentation it accepts to make the changes. This could
include:

- The same documents acceptable for verification
- 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.

**IRS Data Field Flags**

To help FAAs know what, if any, specific information was changed once retrieved from the IRS
and transferred into the FAFSA, the Department of ED now provides a new set of IRS Data Field
Flags on the ISIR. Flags are provided separately for student and parent IRS-related data fields
that can be transferred from the IRS. For each data item that was retrieved from the IRS, a Data Field
Flag value will be assigned to determine if any changes were made. Below is a list of the IRS
Data Field Flag values for the 2018–19 FAFSA processing cycle:

**Blank** = IRS data not transferred from the IRS (when FAFSA transaction submitted via paper or by an FAA)

0 = IRS data not transferred from the IRS (when FAFSA transaction not submitted via paper or by an FAA)

1 = IRS data transferred from the IRS – Field not changed by the user (tax return transcript NOT required to complete income verification)

2 = IRS data transferred from the IRS – Field changed by the user prior to submission of the application (tax return transcript or a signed copy of the federal income tax return) required to complete income verification except when IRA and Pension fields were changed as a result of the user entering a rollover amount - see page 4-32 on how to document Rollovers)

3 = IRS data transferred from the IRS – Field corrected by the user on this transaction (tax return transcript or a signed copy of the federal income tax return) required to complete income verification)

4 = IRS data transferred from the IRS – Field corrected by the user on a previous transaction (tax return transcript or a signed copy of the federal income tax return) required to complete income verification)

**Reconciliation of Conflicting Information**

If, after collecting the information and documentation required for verification, it is discovered that the information submitted conflicts with the information reported on the aid application, the school must reconcile all information received and submit the corrections to the CPS for reprocessing. There is one exception to this requirement: if the student dies during the award year.

During the process of reviewing the submitted documents, it may become apparent that some FAFSA data items – both required data items and others that that were not required (or weren’t selected) for verification – are questionable or erroneous. For example, the IRS tax transcript or signed copy of the federal income tax return can reveal assets that were not reported on the FAFSA, income earned from work that was not correctly reported, or unusual differences between tax exemptions and the FAFSA household size. Schools may develop their own criteria for uncovering which additional data items seem to be most error prone.

If the school has any reason to believe a FAFSA data item is in error, even if it is not a required verification item, the discrepancy must be verified as correct prior to awarding or disbursing any Pell or campus-based funds, employing a student in the FWS program, originating a Federal Direct Loan or disbursing a previously certified Direct Loan.

The requirement to resolve inaccurate and conflicting information is separate and distinct from the verification requirements and supersedes all verification rules. Federal student aid cannot be disbursed to a student for whom conflicting information has not been resolved. Further, if you discover discrepancies after disbing federal student aid, you must reconcile the conflicting information and require the student to repay aid received in excess of his or her eligibility.
Subsequent ISIRs

Whenever a change to FAFSA information is submitted to the Department, the applicant’s FAFSA record is reevaluated under the verification selection model. While the change may not, in itself, result in the applicant being selected, in some instances the review of the entire record could result in the applicant being selected for verification. All subsequent transactions for a student must be reviewed, even if verification was completed on an earlier transaction. Any changes to the EFC, “C” flags, comments or NSLDS information should be reviewed and evaluated along with any updates or corrections that may have been made to the application data.

If the EFC has not changed and there are no changes in the “C” flags or NSLDS information, or if the data elements that changed were previously verified, then no action is required beyond a notation in the file.

If on a subsequent transaction a previously unverified student is selected for verification or new data elements are flagged that were not previously verified, the school must require the student to verify the information, except that the student does not have to re-submit documentation for the FAFSA information previously verified, if the verified information remains unchanged.

If the EFC has changed, or if there are changes in the “C” flags or NSLDS information, then these matters must be investigated and any conflicts resolved. A conflict is considered resolved when the administrator has determined which data are correct, has collected any required additional documentation, submitted any necessary changes to the CPS for reprocessing, and made the appropriate notation in the student’s file.

If the resolution involves confirming that a determination for a previous transaction was the correct one, it is possible that no further actions need be taken, except to document the finding in the student’s file.

NOTE: A school is not required to perform verification if the student was selected for verification after their last day of enrollment for the academic year. In other words, a student who is no longer enrolled and is not expected to re-enroll is not required to complete verification if they were selected after they ceased attending.

Internal Controls and Quality Assurance

The FSA Program Participation Agreement (PPA) signed by each college president requires that a school demonstrate the capacity to properly and efficiently administer the Title IV and HEA programs. Part of a school’s demonstration of administrative capability is the presence of an adequate system of internal checks and balances. Furthermore, New York State’s Internal Control Act of 1987 requires that all state agencies, including City University of New York, have a formal internal control program that involves assessing the risks associated with its critical administrative functions. Each agency must conduct periodic reviews of its internal control mechanisms to determine whether adequate and effective control measures have been implemented. It should be noted that over the past several years ED has conducted numerous program reviews focused on verification compliance. Verification violations make up a significant percentage of federal audit and program review findings.

To better assure compliance with these regulations, each CUNY financial aid office must review
its internal controls to ensure the accuracy of its verification process. Each college should provide their personnel with extensive training on verification and file review along with periodic refresher training as needed. When a counselor or staff member first begins doing verification, his/her work should be reviewed by a more experienced professional or senior staff member until proficiency is assured. Subsequently, the work of each counselor or staff member doing verification should be periodically spot checked for accuracy and completeness. Finally, each college must establish and maintain a formal process to check its verification files on an ongoing basis to make sure that federal requirements are being met.

Changes in Application Data

**Corrections:** For students not selected for verification, any processing errors that would affect the student’s eligibility for federal student aid or would change the EFC must be submitted to the CPS for reprocessing. If the school has reason to believe that any of a student’s FAFSA information is inaccurate, the information in question must be verified and the necessary corrections submitted for reprocessing before awarding and disbursing from the subsidized (that is, need-based) federal student assistance programs.

For students selected for verification and receiving subsidized student aid, changes that result to any non-dollar item and to any dollar item of $25 or more must be submitted to the CPS for reprocessing. Also, if a school is required to submit any change through CPS because of verification, the school must submit all changes, including amounts that are below $25. If a disbursement has been made to a student based on information that is later found to be incorrect, the corrected/updated information must be used to determine the correct award, and either prior or future disbursements adjusted so that the student receives the correct amount.

**Updates:** Although students and schools can correct items that were incorrectly reported on the original FAFSA, only a few answers from the FAFSA can be updated to reflect changes after the FAFSA was signed. In general, information that is correct as of the date the FAFSA was filed cannot be changed; but there are 3 items – dependency status, household size, and number enrolled in postsecondary education – that under certain circumstances must be updated. If a student’s dependency status changes at any time during the award year, the application data must be updated, whether or not the application was selected for verification, except when the update was due to a change in the student’s marital status. The updated information has to be reprocessed through the CPS, even if there is no change in eligibility. The school, at its own discretion, may update dependency status due to a change in the student’s marital status if the school determines that the update is necessary to address an inequity or more accurately reflect the student’s ability to pay. If the school chooses to update the student’s marital status, all updated information must be consistent with the status change, including household size, number enrolled in college and spousal income.

For students selected for verification, household size and number enrolled in college must be updated to be correct at the time of verification unless the change is the result of a change in the student’s marital status. This information also has to be reprocessed through the CPS before awarding and disbursing aid even if there is no change in eligibility. The school, at its own discretion, may update household size and number in college due to a change in the student’s marital status if the school determines that the update is necessary to address an inequity or more accurately reflect the student’s ability to pay. [See Chapter 1 of this manual for more information]
If the parent of a dependent student remarries after completing the FAFSA but before completing verification, the household size must be updated to include the new stepparent. However, the income and assets of the new stepparent would not be counted in the calculation, though the administrator may use professional judgment to do so.

**Valid ISIR Required:** A valid ISIR is defined as an output document with an official EFC that is based on application information that is correct and complete on the date the application or correction was signed. If a student’s FAFSA information changes as a result of verification, all corrections or updates to any non-financial item or to any single dollar item of $25 or more must be submitted to the CPS for reprocessing. However, if any change is required to be submitted through CPS because of verification, then all changes must be submitted, including dollar amounts less than $25. The valid ISIR reflecting these corrections and containing a final and correct EFC must be received by the school and used as the basis for determining the student’s eligibility for all need-based federal assistance programs. The school must also recalculate the student’s eligibility for Federal Pell Grant and adjust his or her awards package on the basis of the corrected EFC on the valid ISIR.

**NOTE:** In prior award years, schools were not always required to obtain a “valid” ISIR in order to make disbursements of federal student aid funds. If the school determined through its own calculations that a student’s award amounts or EFC did not change, it did not have to submit the changes through the CPS. However, the revised verification regulations stipulate that the school must receive a valid ISIR and use it as the basis for awarding and disbursing federal student aid. By definition, a valid ISIR can only be created after the corrected information has been processed through the CPS.

To make changes to a student’s record, the school must have signed documentation from the student and parent (if dependent). This could include a signed corrections statement on a SAR (or equivalent statement on a corrections worksheet), tax transcript (or other tax documents including a signed of the federal tax return) from student or parent, or other signed documentation as appropriate to the nature of the corrections being submitted.

**Adjustments:** These occur when a financial aid administrator changes application data in the exercise of his or her professional judgment. If an application has been selected for verification, the school must perform verification on all the required FAFSA data items, collect the necessary worksheets and documentation, submit any changes to the CPS and wait for the corrected ISIR before using PJ to perform an income or expense adjustment. The school must then submit the PJ adjustments to the CPS on a new transaction. Changes to a student’s information as a result of verification, and PJ adjustments to that information, may not be submitted on the same transaction. The school may not submit PJ changes to the CPS until it has received an ISIR confirming the processing of any corrections resulting from verification.

All adjustments made from an administrator’s exercise of professional judgment must be submitted to the federal processor using the appropriate processing flag designating the change as a PJ adjustment, and not as a simple data correction.

**NOTE:** if a student applicant has not been selected for verification, the school is not required to complete verification before performing a PJ adjustment, unless the school has a policy to select for institutional verification all students who request PJ adjustments. If a PJ causes a previously
unselected record to be selected for verification, the verification would be performed from the ISIR transaction on which the PJ was based.

**Tolerance Option**

Any changes to an individual dollar item on an applicant’s FAFSA that is $25 or more must be submitted for reprocessing. For example, if the difference reported for the AGI = $24 and taxes paid = $5, the institution would not be required to submit changes for reprocessing. However, if the difference for the AGI = $25 and taxes paid = $5, the institution would be required to update all changes, not just the change that exceeded the tolerance. Note that all corrections to non-dollar items must be submitted to the CPS for reprocessing. Since the regulations stipulate that an institution must submit all changes if required to submit any change to CPS because of verification, it is recommended that the best practice would be to submit all changes irrespective of the dollar amount.

**Selected For Verification After Disbursement**

If as a result of a correction or update, an application which was not originally selected for verification becomes selected, and the student has already been awarded and disbursed aid based on the previous unselected output document, the student must complete verification before any additional disbursements are made.

If the student does not complete verification, no further aid may be disbursed and the student must repay any Pell, FSEOG, or Perkins disbursed under the unverified application. The student would not be required to repay any FWS wages earned or any Federal Direct Loan funds disbursed. If the completion of verification reveals a change of information, the data must be reprocessed through the CPS and, if there is a change in eligibility, prior and future disbursements adjusted so that the student receives the correct amount.

If the student is selected for verification after ceasing to be enrolled for the award period (with no plans to re-enroll) and all aid for the enrollment period has been disbursed (including any late disbursements), the student may be excused from completing verification and would owe no repayment on any federal aid disbursed on the unselected ISIR.

**Verification Extension Deadline**

If a SAR or ISIR with an official EFC has been processed while the student is enrolled and eligible for payment, and that student aid record has been selected for verification, the student is given a 120 day grace period after his or her last day of enrollment (but no later than the date published by the US Dept. of Education via electronic announcement on the IFAP website) to complete the verification process.

**NOTE:** an ISIR with an “official” EFC is not necessarily the same as a “valid” ISIR. An official EFC is an EFC that has been calculated by the CPS based on the FAFSA information submitted (whether that information is correct or not) and appears on the output document produced by the CPS. A “valid” ISIR is an output document with an official EFC that is based on application information that is correct and complete on the date the application or correction was signed.
The revised regulations allow schools to submit all corrections or updates resulting from a student completing verification after they are no longer enrolled, but within the 120 day grace period, and then use the valid ISIR with the corrected EFC to award and disburse Federal Pell Grant (subject to the late disbursement rules and R2T4 requirements, if applicable).

**NOTE:** in prior years, students could not be awarded a late disbursement of Pell based on the corrected ISIR if the corrections resulted in an EFC that was lower than the EFC the student had on the last day of enrollment. In these cases, they would have had to have been paid on the higher of the two EFCs even if incorrect. The revised regulations now require that Pell eligibility for these students be determined from the corrected EFC on the final valid ISIR.

*See Chapter 10 of this manual for information on the R2T4 and late disbursement requirements.*

**Failure to Submit Documentation**

A student must provide all information or documents requested by either the Department of Education or the school to satisfy verification requirements or to resolve instances of conflicting or discrepant information (unless a verification exclusion applies). If a student fails to provide the required documentation by the established deadline, or the school fails to obtain a final valid ISIR, he or she:

- forfeits Federal Pell Grant for the award year;
- may not receive disbursements of additional Federal Pell Grant or FSEOG;
- may not continue in an FWS job;
- may not have a Federal Direct Loan originated or receive further disbursements of loan funds; and
- must repay any disbursements of Federal Pell Grant or FSEOG already received.

If the school has received any proceeds for a Direct Subsidized Loan on behalf of the student, the school must return all or a portion of the funds to the program under the excess cash tolerance regulation [34 CFR 668.166(b)]. If the student received any interim disbursement of FSA funds before the student completed verification, the school is responsible for returning the money to the programs.

**FAFSA Verification Documents**

The list below identifies four types of documents that are used for FAFSA verification:

- **Tax Return Transcript**
- **Signed Copy of the Federal Income Tax Return**
- **Record of Account**

As a reminder a Tax Return Transcript and the Record of Account can be used to verify the following income and tax information of IRS tax return filers:

- Adjusted Gross Income (AGI)
- Taxes paid
- Education credits
- IRA deductions
- Tax-exempt interest income
- Untaxed IRA distributions, and
• Un taxed pension

➢ Tax Account Transcript
The Tax Account Transcript provides “basic data” from the tax return, as well as amended tax return data, but it may not include all of the information that is on a Tax Return Transcript or a Record of Account. Thus, for tax filers who filed an amended tax return, one way that verification may be completed is with both a Tax Return Transcript and a Tax Account Transcript. It is also possible to complete verification for such a tax filer with only their Record of Account. However, the Record of Account may be complicated to read and difficult to interpret.

➢ Wage & Income Transcript (IRS Form W-2 documentation)
A Wage & Income Transcript may need to be requested if a non-tax filer is unable to provide copies of IRS Form W-2. IRS Form W-2 or Wage & Income Transcripts can be used to verify income earned from work for non-tax filers. Non-tax filers selected for verification must also provide supporting documentation for verification of non-filing. The W-2 form is also used to verify tax-deferred pensions or retirement savings plans (paid directly or withheld from the employee’s earnings). This information can be found on the W-2 form in boxes 12a through 12d and codes D, E, F, G, H, and S. Do not include amounts reported coded as DD (employer contributions reported toward employee health benefits).
## SAM 2018-2019

### Verification - IRS Documentation Requests, Uses, and Messaging

<table>
<thead>
<tr>
<th>IRS Request Type Submitted</th>
<th>IRS Document Requested</th>
<th>Applicable tax year record on file with the IRS?</th>
<th>Request for document to be sent to a 3rd party*?</th>
<th>IRS will send...</th>
<th>Where mailed to?</th>
<th>When?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form 4506-T</td>
<td>Tax Return Transcript</td>
<td>Yes</td>
<td>No</td>
<td>Transcript or Record</td>
<td>To tax-filer address on Line 3 of Form 4506-T</td>
<td>Within 10 business days from when the IRS receives Form 4506-T.</td>
</tr>
<tr>
<td></td>
<td>Tax Account Transcript</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Record of Account</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Wage &amp; Income Transcript</td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Tax Return Transcript</td>
<td>Yes</td>
<td>Yes</td>
<td>Transcript or Record</td>
<td>To tax-filer address on Line 3 of Form 4506-T</td>
<td>Within 10 business days from when the IRS receives Form 4506-T.</td>
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<tr>
<td></td>
<td>Tax Account Transcript</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Record of Account</td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>Wage &amp; Income Transcript</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tax Return Transcript</td>
<td>No</td>
<td>No</td>
<td>Transcript with indication that no record is found (this is acceptable documentation to verify nonfiling)</td>
<td>To tax-filer address on Line 3 of Form 4506-T</td>
<td>Within 10 business days from when the IRS receives Form 4506-T.</td>
</tr>
<tr>
<td></td>
<td>Tax Account Transcript</td>
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<td></td>
<td></td>
<td></td>
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</tr>
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</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tax Return Transcript</td>
<td>No</td>
<td>Yes</td>
<td>Transcript with indication that no record is found (this is acceptable documentation to verify nonfiling)</td>
<td>To tax-filer address on Line 3 of Form 4506-T</td>
<td>Within 10 business days from when the IRS receives Form 4506-T.</td>
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<td></td>
<td>Tax Account Transcript</td>
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<td>Record of Account</td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>Wage &amp; Income Transcript</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Verification of Nonfiling</td>
<td>No</td>
<td>No</td>
<td>Verification of Nonfiling Letter</td>
<td>To tax-filer address on Line 3 of Form 4506-T</td>
<td>Within 10 business days from when the IRS receives Form 4506-T.</td>
</tr>
<tr>
<td></td>
<td>Verification of Nonfiling</td>
<td>No</td>
<td>Yes</td>
<td>Verification of Nonfiling Letter</td>
<td>To tax-filer address on Line 3 of Form 4506-T</td>
<td>Within 10 business days from when the IRS receives Form 4506-T.</td>
</tr>
<tr>
<td></td>
<td>Verification of Nonfiling</td>
<td>Yes</td>
<td>No</td>
<td>Document indicating a tax return is on file (see February 28, 2017 Electronic Announcement)</td>
<td>To tax-filer address on Line 3 of Form 4506-T</td>
<td>Within 10 business days from when the IRS receives Form 4506-T.</td>
</tr>
<tr>
<td></td>
<td>Verification of Nonfiling</td>
<td>Yes</td>
<td>Yes</td>
<td>Document indicating a tax return is on file (see February 28, 2017 Electronic Announcement) to 3rd party a message to contact the taxpayer</td>
<td>To tax-filer address on Line 3 of Form 4506-T &amp; to 3rd party using address on Line 3 of Form 4506-T</td>
<td>Within 10 business days from when the IRS receives Form 4506-T.</td>
</tr>
</tbody>
</table>

*A postsecondary institution is considered a 3rd party for IRS documentation request purposes.
### SAM 2018-2019

<table>
<thead>
<tr>
<th>IRS Request Type Submitted</th>
<th>IRS Document Requested</th>
<th>Applicable tax year record on file with the IRS?</th>
<th>Request for document to be sent to a 3rd party?</th>
<th>IRS will send...</th>
<th>Where mailed to?</th>
<th>When?</th>
</tr>
</thead>
</table>
| Transcript Toll-free 1-800-908-9946 | • Tax Return Transcript  
• Tax Account Transcript | Yes | N/A | Transcript | IRS Address of Record – usually the address from the latest filed tax return. | Within 10 business days from when the IRS receives Form 4506-T. |
| Note: A Record of Account, a Wage & Income Transcript, or Verification of Nonfiling are not available for request using the toll-free phone number. | • Tax Return Transcript  
• Tax Account Transcript | No | N/A | Phone response that there is no 2016 tax return on file  
No response will be sent by mail. | Phone response | Immediately |
| Get Transcript By Mail [www.irs.gov/transcripts](http://www.irs.gov/transcripts) | • Tax Return Transcript  
• Tax Account Transcript | Yes | N/A | Transcript | IRS Address of Record – usually the address from the latest filed tax return. | Within 10 business days from when the IRS receives Form 4506-T. |
| Note: A Record of Account, a Wage & Income Transcript, or Verification of Nonfiling are not available for request using this process. | • Tax Return Transcript  
• Tax Account Transcript | No | N/A | Browser response that there is no 2016 tax return on file  
No response will be sent by mail. | Browser response | Immediately |
| Get Transcript Online [www.irs.gov/transcripts](http://www.irs.gov/transcripts) | • Tax Return Transcript  
• Tax Account Transcript  
• Record of Account  
• Wage & Income Transcript  
• Verification of Nonfiling | Yes, if 2016 tax year was presented as an option on previous screen. | N/A | PDF of the requested document will be presented online for saving or printing | Browser | Immediately |
<table>
<thead>
<tr>
<th>Information Requiring Verification</th>
<th>FAFSA Q# (Student and)</th>
<th>Field# (Student and)</th>
<th>2016 IRS Tax Return Transcript Item</th>
<th>2016 IRS 1040 Line #</th>
<th>2016 IRS 1040A Line #</th>
<th>2016 IRS 1040EZ Line #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Gross Income</td>
<td>36 and 85</td>
<td>43 and 136</td>
<td>Adjusted Gross Income Per Computer</td>
<td>37</td>
<td>21</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>For IRS Form 1040 Transcripts:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>— &quot;Income Tax After Credits Per Computer&quot; less &quot;Excise Advance Premium Tax Credit Repayment Amount&quot;</td>
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<td>For IRS Form 1040A Transcripts:</td>
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<td></td>
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<td></td>
<td></td>
<td>— &quot;Tentative Tax Per Computer&quot; less &quot;Total Credits Per Computer&quot;</td>
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<td></td>
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</tr>
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<td></td>
<td>For IRS Form 1040EZ Transcripts:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>— &quot;Total Tax Liability TIP Figures Per Computer&quot; less &quot;Health Care Individual Responsibility&quot;</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Income Tax Paid</td>
<td>37 and 38</td>
<td>44 and 139</td>
<td>55 minus 45</td>
<td>28 minus 38</td>
<td>10</td>
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</tr>
<tr>
<td>Education Credits</td>
<td>44a and 91a</td>
<td>51 and 116</td>
<td>Education Credit Per Computer</td>
<td>50</td>
<td>33</td>
<td>NIA</td>
</tr>
<tr>
<td>IRA Deductions and Payments</td>
<td>45b and 94b</td>
<td>58 and 123</td>
<td>KEOHSEP Distribution Deduction - PA Deduction Per Computer</td>
<td>28 plus 32</td>
<td>17</td>
<td>NIA</td>
</tr>
<tr>
<td>Tax Exempt Interest Income</td>
<td>45d and 94d</td>
<td>50 and 125</td>
<td>Tax Exempt Interest</td>
<td>9b</td>
<td>8b</td>
<td>NIA</td>
</tr>
<tr>
<td>Unused Portions of IRA Distributions</td>
<td>45e and 94e</td>
<td>61 and 126</td>
<td>Total IRA Distributions - Taxable IRA Distributions</td>
<td>15a minus 15b</td>
<td>15a minus 15b</td>
<td>NIA</td>
</tr>
<tr>
<td>Unused Portions of Pensions</td>
<td>45f and 94f</td>
<td>62 and 127</td>
<td>Total Pensions and Annuity - Taxable Pensions and Annuity Amount</td>
<td>16a minus 16b</td>
<td>12a minus 12b</td>
<td>NIA</td>
</tr>
</tbody>
</table>

**Notes**

The 2018-2019 FAFSA Verification IRS Tax Return Transcript Matrix is applicable only for U.S. IRS tax return filers (IRS Form 1040, 1040A, and 1040EZ) and includes only the tax return items required by the Department to be verified for 2018-2019.

IRS Tax Return Transcript—Shows most line items from a tax filer’s original tax return (Form 1040, 1040A or 1040EZ). An IRS Tax Return Transcript does not include information from an amended tax return.

PER COMPUTER—A value calculated by the IRS that sometimes displays for certain items on an IRS Tax Return Transcript. The Per Computer amount must be used for verification even if it is different than what was reported by the tax filer to the IRS.

RECOMPUTED: (tax return item name) PER COMPUTER™ or "VERIFIED AMOUNT" - This amount should be ignored for purposes of verification.

Married Filing Separately—An applicant or an applicant’s parent(s) who filed or will file his or her income tax return as "Married Filing Separately" or who is married to someone other than the individual included on a joint tax return must provide separate IRS Tax Return Transcripts for each person whose information is included on the FAFSA.
# SAM 2018-2019

## Tax Return Line Items for 2018-2019 Verification

<table>
<thead>
<tr>
<th></th>
<th>2016 1040 EZ</th>
<th>2016 1040A</th>
<th>2016 1040</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGI</td>
<td>4</td>
<td>21</td>
<td>37</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>10</td>
<td>28 minus 36</td>
<td>56 minus 46</td>
</tr>
<tr>
<td>Education credits</td>
<td>N/A</td>
<td>33</td>
<td>50</td>
</tr>
<tr>
<td>IRA deductions and payments</td>
<td></td>
<td>17</td>
<td>28 plus 32</td>
</tr>
<tr>
<td>Tax-exempt interest income</td>
<td></td>
<td>8b</td>
<td>8b</td>
</tr>
<tr>
<td>Untaxed portions of IRA distributions*</td>
<td></td>
<td>11a minus 11b</td>
<td>15a minus 15b</td>
</tr>
<tr>
<td>Untaxed portions of pensions*</td>
<td></td>
<td>12a minus 12b</td>
<td>16a minus 16b</td>
</tr>
</tbody>
</table>

## Tax Return Transcript Line Items for 2018-2019 Verification

<table>
<thead>
<tr>
<th></th>
<th>2016 1040 EZ</th>
<th>2016 1040A</th>
<th>2016 1040</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGI</td>
<td>&quot;ADJUSTED GROSS INCOME PER COMPUTER&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax paid**</td>
<td>&quot;TOTAL TAX LIABILITY TP FIGURES PER COMPUTER&quot; less &quot;HEALTH CARE: INDIVIDUAL RESPONSIBILITY&quot;</td>
<td>&quot;TENTATIVE TAX PER COMPUTER&quot; less &quot;TOTAL CREDITS PER COMPUTER&quot;</td>
<td>&quot;INCOME TAX AFTER CREDITS PER COMPUTER&quot; less &quot;EXCESS ADVANCE PREMIUM TAX CREDIT RECAPITULATION AMOUNT&quot;</td>
</tr>
<tr>
<td>Education credits</td>
<td>N/A</td>
<td>&quot;EDUCATION CREDIT PER COMPUTER&quot;</td>
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</tr>
<tr>
<td>IRA deductions and payments</td>
<td></td>
<td>&quot;IRA DEDUCTION PER COMPUTER&quot;</td>
<td>&quot;KEOGH/SEP CONTRIBUTION DEDUCTION&quot; plus &quot;IRA DEDUCTION PER COMPUTER&quot;</td>
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<tr>
<td>Tax-exempt interest income</td>
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<td></td>
<td>&quot;TAX-EXEMPT INTEREST&quot;</td>
</tr>
<tr>
<td>Untaxed portions of IRA distributions*</td>
<td></td>
<td></td>
<td>&quot;TOTAL IRA DISTRIBUTIONS&quot; less &quot;TAXABLE IRA DISTRIBUTIONS&quot;</td>
</tr>
<tr>
<td>Untaxed portions of pensions*</td>
<td></td>
<td></td>
<td>&quot;TOTAL PENSIONS AND ANNUITIES&quot; less &quot;TAXABLE PENSION/ANNUITY AMOUNT&quot;</td>
</tr>
</tbody>
</table>

*Exclude rollovers.

**For all transcripts, if income tax paid is negative, use ‘0’ (zero).

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