



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

GEN-19-02

Subject: 2020–2021 Award Year: FAFSA® Information to be Verified and Acceptable Documentation

Summary: This letter provides information that supplements the 2020–2021 award year verification information provided in the *Federal Register* notice published on May 24, 2019.

Dear Colleague:

On May 24, 2019, we published a *Federal Register* notice (Vol. 84, No. 101 p. 24118–24122) announcing the 2020–2021 *Free Application for Federal Student Aid* (FAFSA) items that may require verification for an applicant selected for verification by the Department, as well as the acceptable documentation for those items. The 2020–2021 FAFSA items that may require verification and the 2020–2021 Verification Tracking Groups are the same as those for the 2019–2020 award year. Also, there were changes to the acceptable documentation requirement for 2020–2021, as specified in the *Federal Register* notice.

Departmental Verification Selection

As in prior years, the Department will use data-based statistical analysis to select for verification the 2020–2021 FAFSA applicants with the highest statistical probability of error and the greatest impact of such error on award amounts. The Central Processing System (CPS) will set a Verification Tracking Flag on a selected applicant's *Institutional Student Information Record* (ISIR) indicating that the applicant was selected by the Department for institutional verification. The ISIR will also indicate the Verification Tracking Group for the applicant. See below for a listing of the 2020–2021 Verification Tracking Groups.

Acceptable Documentation

Income Tax Return

Effective beginning with the publication of the January 9, 2019 Electronic Announcement, and applicable to the 2018–2019 FAFSA processing and verification cycles and beyond, we announced that institutions may accept as acceptable documentation a signed copy of the income tax return for the applicable tax year, that the tax filer submitted to the IRS or other relevant tax authorities to verify FAFSA/ISIR income and tax return information. This includes using a signed copy of the income tax return to complete verification for amended tax filers and victims of identity theft. The *Federal Register* notice published on May 24, 2019 reflects this guidance.

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New IRS Tax Forms for 2018 Tax Year

The following chart lists the 2018 IRS Form 1040 and schedules needed to verify the appropriate income and tax information.

FAFSA Information	Acceptable Documentation
Adjusted Gross Income	2018 IRS Form 1040 Line 7
U.S. Income Tax Paid	2018 IRS Form 1040 Line 13 minus Line 46 of Schedule 2 (Form 1040)
Untaxed Portions of Individual Retirement Account (IRA) Distributions and Pensions	2018 IRS Form 1040 Lines 4a minus 4b. Note: Exclude rollovers.
IRA Deductions and Payments	2018 IRS Schedule 1 (Form 1040) Line 28 plus Line 32
Tax Exempt Interest Income	2018 IRS Form 1040 Line 2a
Education Credits	2018 IRS Schedule 3 (Form 1040) Line 50

Alternative Documentation for Verification of Nonfiling

Individuals are required to obtain verification of nonfiling (VNF) from the IRS or other tax authorities. Individuals who are unable to obtain verification of nonfiling from the IRS or other relevant tax authority 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 verification of nonfiling from the IRS or other relevant tax authority and was unable to obtain the required documentation.

For IRS extension filers, the signed statement must also indicate that the individual has not filed a 2018 income tax return and list the sources of any 2018 income, and the amount of income from each source.

Since individuals without a Social Security Number, an Individual Taxpayer Identification Number, or an Employer Identification Number are unable to obtain a verification of nonfiling from the IRS, these individuals whose income is below the IRS filing threshold must submit to the institution a signed and dated statement—

- a) Certifying that the individual(s) does not have a Social Security Number, an Individual Taxpayer Identification Number, or an Employer Identification Number; and
- b) Listing the sources and amounts of earnings, other income, and resources that supported the individual(s) for the 2018 tax year.

Note: A dependent student who is a nontax filer is excluded from the requirement to provide verification of the dependent student's nonfiling status from the IRS or other relevant tax authority.

Documentation Requirements for IRS Extension Filers

Individuals who are required to file a 2018 IRS income tax return and have been granted a filing extension by the IRS beyond the automatic six-month extension for tax year 2018 are no longer required to submit a copy of IRS Form 4868, “Application for Automatic Extension of Time to File U.S. Individual Income Tax Return,” that the individual filed with the IRS for tax year 2018. In addition to the required items listed below, an institution may require these individuals to submit additional documentation to verify the income and tax information that was reported on the 2020–2021 FAFSA/ISIR.

- A copy of the IRS’s approval of an extension beyond the automatic six-month extension for tax year 2018, e.g. IRS Form 2350;
- Verification of nonfiling from the IRS dated on or after October 1, 2019;
- A copy of IRS Form W–2 for each source of 2018 employment income received or an equivalent document; and
- If self-employed, a signed statement certifying the amount of AGI and U.S. income tax paid for tax year 2018.

Suggested Verification Text

In a subsequent posting on the Information for Financial Aid Professionals (IFAP) website, we will provide suggested verification text for the 2020–2021 FAFSA items.

Table of 2020–2021 Verification Tracking Groups

The individual FAFSA items from the 2020–2021 *Federal Register* notice that an applicant must verify are based upon the Verification Tracking Group to which the applicant is assigned as outlined in the following chart.

2020–2021 Verification Tracking Groups
FAFSA Information Required to be Verified

Verification Tracking Flag	Verification Tracking Group Name	FAFSA Information Required to be Verified
V1	Standard Verification Group	<u>Tax Filers</u> <ul style="list-style-type: none"> ▪ Adjusted Gross Income ▪ U.S. Income Tax Paid ▪ Untaxed Portions of IRA Distributions and Pensions ▪ IRA Deductions and Payments ▪ Tax Exempt Interest Income ▪ Education Tax Credits

		<u>Nontax Filers</u> <ul style="list-style-type: none"> ▪ Income Earned from Work <u>Tax Filers and Nontax Filers</u> <ul style="list-style-type: none"> ▪ Number of Household Members ▪ Number in College
V2	Reserved	N/A
V3	Reserved	N/A
V4	Custom Verification Group	<ul style="list-style-type: none"> ▪ High School Completion Status ▪ Identity/Statement of Educational Purpose
V5	Aggregate Verification Group	<u>Tax Filers</u> <ul style="list-style-type: none"> ▪ Adjusted Gross Income ▪ U.S. Income Tax Paid ▪ Untaxed Portions of IRA Distributions and Pensions ▪ IRA Deductions and Payments ▪ Tax Exempt Interest Income ▪ Education Tax Credits <u>Nontax Filers</u> <ul style="list-style-type: none"> ▪ Income earned from work <u>Tax Filers and Nontax Filers</u> <ul style="list-style-type: none"> ▪ Number of Household Members ▪ Number in College ▪ High School Completion Status ▪ Identity/Statement of Educational Purpose
V6	Reserved	N/A

Note: We estimate that the technical specifications for the 2020–2021 ISIR record layout, which includes the Verification Tracking Flag values, will be available on the IFAP website July 2019.

With your support, we are confident that together we can continue to reduce the burden of verification on applicants, their families, and institutions while maintaining the integrity of the Title IV Federal student aid programs.

Sincerely,

Diane Auer Jones
Principal Deputy Under Secretary
Delegated to Perform the Duties of Under Secretary
and Assistant Secretary for Postsecondary Education