



Verification for Padawans

PRESENTED BY:

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Verification

- Tedious
- Frustrating
- Labor Intensive
- Requires a little more than basic tax knowledge
- Holds up student disbursements



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Verification


- History
- What is being verified?
- How do we verify the information?
- "Unusual" Circumstances
- 24-25 Verification



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Verification History and Stats


- Started in 2012–2013
- In 2018 and 2020 cost benefit analysis
 - Initial analysis 22%
 - Updated analysis recommended 18%
 - Covid Emergency Relief waiver netted 3–4%
- FSA does not share how selected
 - Colleges can choose to select students
- Verification Items shared via Federal Register
 - 2023–2024 –July 8, 2022
 - No changes from 2022–2023
 - Acceptable documentation/suggested text



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2023–2024 Verification

- Tracking groups: Standard, Custom, Aggregate (V1, V4, V5)
- 2021 Income Information for Tax Filer (V1 and V5)
 - Adjusted Gross Income (AGI)
 - U.S. Income Tax Paid
 - IRA Deductions and Payments
 - Tax Exempt Interest Income
 - Education Credits
- 2021 Income Information for Nontax Filer (V1 and V5)
 - Income Earned from Work
 - Verification of Nonfiling



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2023–2024 Verification


- Number of Household Members (V1 and V5)
- Number in College (V1 and V5)
- Identity/Statement of Educational Purpose (V4 and V5)
 - Done in person with FAA or Notary, unexpired government issued ID, original form only, annotated copy of ID kept by institution
 - An institution must report the verification results of identity through FAA Access to CPS Online for any student they received an Institutional Student Information Record (ISIR) with tracking flag V4 or V5 and request verification documentation
 - High school completion removed in 22–23 as long as recorded elsewhere

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2023-2024 Verification

V1/V5 Verification for Tax Filer Acceptable Documentation

- Data Retrieval Tool (DRT)
 - Self-verified
 - Prevents FAA from having to look at full taxes for other Issues
 - Check Untaxed Pension/IRA
 - Not all parties report rollovers on FOTW
- If DRT is not used
 - Tax return transcript
 - Signed copy of federal taxes including schedules 1-3 if filed
 - Must review all info even if not verified




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2023-2024 Verification

2023-2024 IRS Tax Return Transcript Matrix

2023-2024 FAFSA Information Reporting Verification	2023-2024 FAFSA Verification 05	2023-2024 FAFSA Verification 06	2023-2024 FAFSA Verification 07
AGI	98 and 99	98 and 99	98 and 99
Income tax paid*	84 and 85	84 and 85	84 and 85
Education credits	504 and 506	504 and 506	504 and 506
IRA deductions and payments	430 and 435	430 and 435	430 and 435
Tax exempt interest income	430 and 435	430 and 435	430 and 435
Unpaid portions of IRA, annuities, and annuity distributions (partially only)*	430 and 435	430 and 435	430 and 435




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2023-2024 Verification

2023-2024 NASFAA Transcript Decoder

2021 Tax Return Line Items for 2023-24 Verification

2021-22	2023-24
AGI	98 (S) and 99 (P)
Income tax paid*	84 (S) and 85 (P)
Education credits	504 (S) and 506 (P)
IRA deductions and payments	430 (S) and 435 (P)
Tax exempt interest income	430 (S) and 435 (P)
Unpaid portions of IRA, annuities, and annuity distributions (partially only)*	434 (S) and 436 (P)




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Verification 2023-2024

Individuals with Automatic-Zero Expected Family Contribution (EFC)

For dependent students -

- The parents' Adjusted Gross Income (AGI) if the parents were tax filers;
- The parents' Income earned from work if the parents were nontax filers; and
- The student's identity/statement of educational purpose, if placed in Verification Tracking Group V4 or V5.



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2023-2024 Verification

Individuals with an Automatic-Zero Expect Family Contribution

For independent students -

- The student's and spouse's AGI if they were tax filers;
- The student's and spouse's Income earned from work if they were nontax filers;
- The student's Identity/statement of educational purpose, if placed in Verification Tracking Group V4 or V5; and
- The number of household members to determine if the Independent student has one or more dependents other than a spouse.

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2023-2024 Verification

Verification of Nonfiling (VNF)

- If an individual is unable to obtain VNF and the institution 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 non-tax filers, the statement must also confirm that they have not filed and are not required to file a tax return for 2021, and it must list the sources and amounts of income earned from work.
- For IRS extension filers, the signed statement must also indicate that the individual has not filed a 2021 income tax return and list the sources of any 2021 income, and the amount of income from each source.

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2023-2024 Verification

Verification of Nonfiling for Individuals without SSN,EIN, or ITIN

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:

- Certifying that the individual has not filed and is not required to file a 2021 income tax return
- Certifying that the individual(s) does not have a Social Security Number, an Individual Taxpayer Identification Number, or an Employer Identification Number; and
- Listing the sources and amounts of earnings, other income, and resources that supported the individual(s) for the 2021 tax year

Signature line

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23-24 Verifying Specific Situations

Filing an extension beyond automatic six-month extension for 2021 tax year

- A copy of the IRS's approval of an extension beyond the automatic six-month extension for tax year 2021
- Verification of nonfiling from the IRS dated on or after October 1, 2022
- A copy of the IRS Form W-2 for each source of 2021 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 2021

An institution may require that after an income tax return is filed, an individual granted this extension submit tax information. When an institution receives such information, it must be used to reverify the income and tax information reported on the FAFSA.



Signature line

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23-24 Verifying Specific Situations

Married Filing Separately/Unmarried and Living Together must provide:

- DRT is not available for married filing separate or unmarried and living together.
- Transcripts obtained from the IRS or other relevant tax authority that lists 2021 tax account information for each of the tax filers or
- Copies of the income tax returns that were filed with the IRS or other relevant tax authority that lists 2021 tax information for each of the tax filers
- If one parent or independent student/spouse did not file, verification of nonfiling is required.




Signature line

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23-24 Verifying Specific Situations
Marital Status Change since Filing Taxes

For a student, or the parent(s) of a dependent student, who filed a 2021 joint income tax return and whose income is used in the calculation of the applicant's expected family contribution and who at the time the FAFSA was completed was separated, divorced, widowed, or married to someone other than the individual included on the 2021 joint income tax return

- A transcript obtained from the IRS or relevant tax authority that lists the 2021 tax information for the tax filer(s) or,
- A copy of the income tax return and the applicable schedules that were filed with the IRS or other relevant tax authority that lists the 2021 tax account information for each filer(s), and
- A copy of IRS Form W-2 for each source of 2021 employment income received or an equivalent document.




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23-24 Verifying Specific Situations
Amended Return

For an individual who filed an amended income tax return with the IRS, a signed copy of the IRS Form 1040X that was filed with the IRS for tax year 2021 or documentation from the IRS that include the change(s) made to the tax filer's 2021 tax information, in addition to one of the following:


- IRS DRT information on an ISIR record with all tax information from the original 2021 income tax return;
- A transcript obtained from the IRS that lists 2021 tax account information of the tax filer(s); or
- A signed copy of the 2021 IRS Form 1040 and the applicable schedules that were filed with the IRS.



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24-25 Verification
Federal Register September 19, 2023

- No Change to Verification Groups (V1,V4,V5)
- Tax Filer Verification Items (V1, V5)
 - Adjusted Gross Income
 - Income Earned From Work (new)
 - US Income Tax Paid
 - Untaxed Portions of IRA Distributions (new)
 - Untaxed Portions of Pensions (new)
 - IRA Deductions and Payments
 - Tax Exempt Interest Income
 - Education Credits
 - Foreign Income Exempt from Federal Taxation (New)



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24-25 Verification
Federal Register September 19, 2023

- Non-Tax Filer Verification Items
 - Income Earned From Work
 - Signed statement
 - Individual is not required to file 2022 income tax return
 - Sources/Amounts of earnings/income
 - W2 or Equivalent
 - No SSN/ITIN/EIN
 - Everything above AND
 - Statement that no SSN, ITIN, EIN
 - Verification of nonfiling if available for relevant tax authority other than IRS(except dependent)
- Family Size
 - Only required for independent student or dependent when given opportunity
 - A signed statement by applicant and parent (if dependent) with name, age, relation to applicant

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24-25 Verification
Federal Register September 19, 2023

- Statement of Identity and Educational Purpose (V4)
 - In person (Institution/Notary)
 - Present valid un-expired government-issued ID
 - Sign statement (exact text)
 - Copy of ID (annotated)
 - [Required Text](#)

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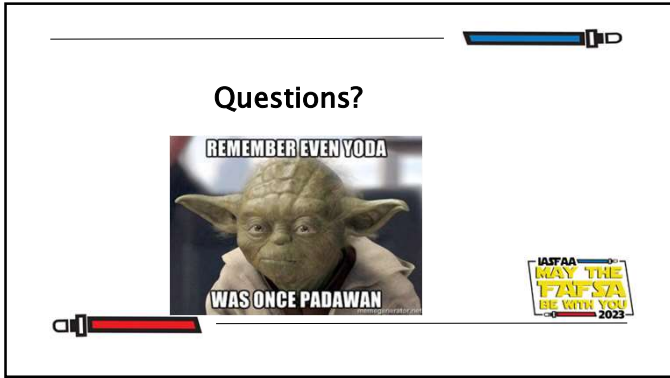
Links

- [Federal Register 7/8/22 for Verification 23-24 Aid Year](#)
- [Federal Register 9/19/23 for Verification 24-25 Aid Year](#)
- [2324 Verification IRS Tax Return Transcript Matrix \(download\)](#)
- [2324 NASFAA Tax Transcript Decoder](#)



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Questions?



The slide features a central image of Yoda with the text "REMEMBER EVEN YODA" above and "WAS ONCE PADAWAN" below. To the right is a logo for "IAFPA" with the text "MAY THE FAIR FAIR BE WITH YOU 2023". The slide also includes a blue progress bar at the top right and a red progress bar at the bottom left.
