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as a result of the discharge, and the taxpayer should not report the amount of the discharged loan in gross income on his or her federal income tax return.

Jan. 15, 2020



The Internal Revenue Service and Department of the Treasury have issued [Revenue Procedure 2020-11](#) that establishes a safe harbor extending relief to additional taxpayers who took out federal or private student loans to finance attendance at a nonprofit or for-profit school.

Relief is also extended to any creditor that would otherwise be required to file

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The Revenue Procedure provides relief when the federal loans are discharged by the Department of Education under the Closed School or Defense to Repayment discharge process, or where the private loans are discharged based on settlements of certain types of legal causes of action against nonprofit or other for-profit schools and certain private lenders.

Taxpayers within the scope of this revenue procedure will not recognize gross income as a result of the discharge, and the taxpayer should not report the amount of the discharged loan in gross income on his or her federal income tax return.

Additionally, the IRS will not assert that a creditor must file information returns and furnish payee statements for the discharge of any indebtedness within the scope of this revenue procedure. To avoid confusion, the IRS strongly recommends that these creditors not furnish students nor the IRS with a Form 1099-C.

Taxes

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