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PRODUCT & SERVICE GUIDE

IRS Says Discharged Student Loans Not Counted as Income

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.

Jan. 15, 2020

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.

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