

SECTION 3. PROCEDURE

.01 Maximum Automobile Value for Using the Cents-per-mile Valuation Rule. An employer providing a passenger automobile for the first time in calendar year 2005 for the personal use of any employee may determine the value of the personal use by using the vehicle cents-per-mile valuation rule in section 1.61-21(e) of the regulations if its fair market value on the date it is first made available does not exceed \$14,800 for a passenger automobile other than a truck or van, or \$16,300 for a truck or van. If the fair market value of the passenger automobile exceeds this amount, the employer may determine the value of the personal use under the general valuation rules of regulations section 1.61-21(b) or under the special valuation rules of section 1.61-21(d) (Automobile lease valuation) or section 1.61-21(f) (Commuting valuation) if the applicable requirements are met. See Rev. Proc. 2003-75 for guidance on determining the maximum value of passenger automobiles first made available during calendar year 2003, and Rev. Proc. 2004-20 for guidance on determining the maximum value of passenger automobiles first made available during calendar year 2004.

.02 Maximum Automobile Value for Using the Fleet-Average Valuation Rule. An employer with a fleet of 20 or more automobiles providing an automobile for the first time in calendar year 2005 for the personal use of any employee for an entire year may determine the value of the personal use by using the fleet-average valuation rule in regulations section 1.61-21(d)(5)(v) to calculate the Annual Lease Values of the automobiles in the fleet. The fleet-average valuation rule may not be used to determine the Annual Lease Value of any automobile if its fair market value on the date it is first made available exceeds \$19,600 for a passenger automobile other than a truck or van, or \$21,300 for a truck or van. If all other applicable requirements are met, an employer with a fleet of 20 or more vehicles consisting of passenger automobiles other than trucks or vans as well as trucks and vans may use the fleet-average valuation rule as long as none exceeds its respective maximum allowable value. If the fair market value of any passenger automobile in the fleet exceeds these amounts,

the employer may determine the value of the personal use under regulations section 1.61-21(f) (Commuting valuation) or the general valuation rules of section 1.61-21(b), or may determine the Annual Lease Value of such automobile separately under the automobile lease valuation rule of section 1.61-21(d)(2) if the applicable requirements are met.

SECTION 4. EFFECTIVE DATE

This revenue procedure applies to employer-provided passenger automobiles, trucks or vans first made available to employees for personal use in calendar year 2005.

SECTION 5. DRAFTING INFORMATION

The principal author of this revenue procedure is Frederick L. Wesner of the Office of Division Counsel/Associate Chief Counsel (Tax Exempt & Government Entities). For further information regarding this revenue procedure, contact Frederick L. Wesner at (202) 622-6040 (not a toll-free call).

26 CFR 1.6050S-1: Information reporting for qualified tuition and related expenses.

Rev. Proc. 2005-50

SECTION 1. PURPOSE

This revenue procedure prescribes how an eligible educational institution may obtain automatic consent from the Service to change its method of reporting under section 6050S of the Code and section 1.6050S-1 of the Income Tax Regulations. An eligible educational institution that complies with all of the conditions and procedures of this revenue procedure has obtained consent to change its method of reporting as required by section 1.6050S-1(b)(1).

SECTION 2. BACKGROUND

In general, section 6050S requires any eligible educational institution (as defined in section 25A(f)(2)) to file information returns and to furnish information statements to assist students and the Service in determining the amount of qualified tuition

and related expenses (qualified expenses) for which an education tax credit is allowable under section 25A (as well as other tax benefits for higher education expenses). For calendar years beginning after December 31, 2003, an eligible educational institution must elect to report either the aggregate amount of payments received, or the aggregate amount billed, for qualified expenses during the calendar year for students enrolled for any academic period. Section 1.6050S-1(b)(1) of the regulations provides that once an eligible educational institution elects to report either amounts billed, or payments received, it must continue to use the same method of reporting for all subsequent calendar years for which it is required to file information returns, and furnish information statements, unless permission is granted to change its reporting method.

Section 25A(f)(2) of the Code defines an "eligible educational institution" to mean an institution: (1) that is described in 20 U.S.C. 1088 of the Higher Education Act of 1965 (Education Act) as in effect on the date of enactment of section 25A (August 5, 1997); and (2) that is eligible to participate in federal financial aid programs described in Title IV of the Education Act. As of August 5, 1997, 20 U.S.C. 1088(a)(1) generally defined an "institution of higher education" as: (1) an accredited postsecondary educational institution (as defined in 20 U.S.C. 1141(a) (a public or nonprofit institution of higher education)); (2) a proprietary institution of higher education; and (3) a postsecondary vocational institution.

To establish eligibility to participate in financial aid programs under the Education Act, an institution generally must apply to the Secretary of Education for a determination that it qualifies as an eligible institution, and may request a certification that it is eligible to participate in financial aid programs under Title IV. See 34 C.F.R. 600.20(a). If the Secretary of Education determines that the entire applicant institution, including all its locations and all its educational programs, satisfies the applicable requirements, then the eligibility determination extends to all educational programs and locations identified on the institution's application. See 34 C.F.R. 600.10(b)(1). If, however, only certain educational programs or locations satisfy the applicable requirements, then the eligibil-

ity determination extends only to those educational programs and locations as identified by the Secretary of Education. See 34 C.F.R. 600.10(b) (2); see also 34 C.F.R. 600.20(c).

The Secretary of Education issues an eligibility determination at the institution level, and the determination may extend to some or all programs, locations, and branch campuses of the institution. Similarly, an “eligible educational institution” for purposes of section 25A(f)(2) of the Code is determined at the institution level and the “eligible educational institution” may extend to some or all programs, locations, and branch campuses of the institution consistent with the Secretary of Education’s eligibility determination.

SECTION 3. CONDITIONS FOR AUTOMATIC CONSENT

For section 6050S purposes, the eligible educational institution at the institution level must elect one method of reporting, and the method extends to all locations and branch campuses of the institution to which the Secretary of Education’s eligibility determination extends. Therefore, if an eligible educational institution changes its reporting method under this revenue procedure, all locations and branch campuses of the institution to which the eligibility determination extends must use the method to which the eligible educational institution changes (new method), beginning with the calendar year for which the change in reporting method is effective (year of change). Because the Service has not previously announced in published guidance that locations and branch campuses of an eligible educational institution to which the eligibility determination extends must use the same method of reporting, the Service will not require locations or branch campuses of an eligible educational institution that elected (before the effective date of this revenue procedure) to use different methods of reporting to change to the same method of reporting. If, however, an eligible educational institution changes its method of reporting under this revenue procedure, then all locations and branch campuses of the eligible educational institution to which the eligibility determination extends not already using the new method of reporting must also change to the new method of reporting un-

der this revenue procedure, beginning with the year of the change.

An eligible educational institution may not change its method of reporting more frequently than once every five years under this revenue procedure, except upon a showing of extraordinary circumstances, such as significant hardship to the eligible educational institution.

An eligible educational institution, including all its locations and branch campuses to which the eligibility determination extends, must include a notification of the change in reporting method to the students with, or on, the information statements required to be furnished to the students for the year of the change.

SECTION 4. AUTOMATIC CONSENT PROCEDURES

An eligible educational institution must notify the Service of its change in reporting method under this revenue procedure by submitting a written statement to:

Internal Revenue Service
Enterprise Computing Center —
Martinsburg (ECC—MTB)
Information Reporting Program
230 Murall Drive
Kearneysville, WV 25430

The written statement must be filed no later than three months before the due date of the information returns for the year of the change. The Service will not acknowledge receipt of a written statement submitted under this revenue procedure.

The written statement must include a prominent reference to this revenue procedure and must contain the following information:

1. The eligible educational institution’s name and Employer Identification Number (EIN);
2. All locations and branch campuses included in the eligible educational institution (and their EINs);
3. The method of reporting under section 6050S and the regulations to which the eligible educational institution, including all its locations and branch campuses, is changing;
4. The calendar year for which the change in reporting is effective;
5. A statement as to whether the eligible educational institution, or any of its lo-

cations and branch campuses, has changed its method of reporting within the four year period preceding the year of the change, and if so: (a) the calendar year of the previous change, and (b) an explanation of extraordinary circumstances.

The written statement must be signed by an officer of the eligible educational institution authorized to sign tax returns. The written request must be signed under penalties of perjury that, to the best of the person’s knowledge and belief, the information contained in the statement is true, correct, and complete.

SECTION 5. AUTOMATIC CONSENT

Pursuant to section 1.6050S-1(b)(1) of the regulations, the consent of the Service is granted to an eligible educational institution, including all its locations and branch campuses to which the eligibility determination extends, to change its method of reporting under section 6050S and the regulations for the calendar year in which the institution timely submits the written statement required by section 4 of this revenue procedure. This consent is granted only if the eligible educational institution complies with all the conditions and procedures of this revenue procedure.

If the Service determines that the eligible educational institution has not complied with the conditions and procedures of this revenue procedure (for example, the eligible educational institution has not demonstrated extraordinary circumstances for changing a method of reporting within 5 years of a previous change in reporting method), the Service will notify the eligible educational institution that consent to change its method of reporting under section 6050S and the regulations for the specified calendar year is not granted.

SECTION 6. EFFECTIVE DATE

This revenue procedure is effective August 8, 2005.

SECTION 7. PAPERWORK REDUCTION ACT

The collection of information contained in this revenue procedure has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act

(44 U.S.C. 3507) under control number 1545-1952.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

The collection of information in this revenue procedure is in section 4. The information is required in order for an eligible educational institution to obtain permission to change its reporting method under section 6050S and the regulations. The collection of information is voluntary to obtain a benefit. The likely respondents are nonprofit institutions.

The estimated total annual recordkeeping and reporting burden is 300 hours.

The estimated annual recordkeeping and reporting burden per respondent is 10 hours. The estimated number of annual respondents is 30.

Books or records relating to a collection of information must be retained so long as their contents may become material in administration of any internal revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

SECTION 8. DRAFTING INFORMATION

The principal author of this revenue procedure is Donna Welch of the Office of Associate Chief Counsel, Proce-

dure and Administration (Administrative Provisions and Judicial Practice). For further information regarding this revenue procedure, contact Donna Welch at 202-622-4910 (not a toll-free call); and for further information regarding submitting a change, contact the Enterprise Computing Center, Information Reporting Program Customer Service Section at 1-866-455-7438 (a toll-free call).