Instructions for Form 1099-Q

(Rev. April 2025)

Payments From Qualified Education Programs (Under Sections 529 and 530)

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 1099-Q and its instructions, such as legislation enacted after they were published, go to *IRS.gov/Form1099Q*.

You can get the General Instructions for Certain Information Returns at *IRS.gov/1099GeneralInstructions*.

What's New

New checkbox 4b. Box 4 now has two checkboxes, 4a to report trustee-to-trustee transfers and 4b to report a QTP to a Roth IRA transfer.

Trustee-to-trustee transfers. Taxpayers may now roll over limited funds from a qualified tuition program (QTP) to an Achieving a Better Life Experience (ABLE) account within 60 days of the distribution. Report these by checking box 4a and using distribution code 1 in box 7.

Reminders

In addition to these specific instructions, you should also use the current *General Instructions for Certain Information Returns*. Those general instructions include information about the following topics.

- Who must file.
- When and where to file.
- Electronic reporting.
- Corrected and void returns.
- Statements to recipients.
- Taxpayer identification numbers (TINs).
- Backup withholding.
- Penalties.
- Other general topics.

Continuous use revision. Use these instructions for tax year 2025 and subsequent years until a superseding revision is issued.

E-filing returns. The Taxpayer First Act of 2019 authorized the Department of the Treasury and the IRS to issue regulations that reduce the 250-return e-file threshold. T.D. 9972, published February 23, 2023, lowered the e-file threshold to 10 (calculated by aggregating all information returns), effective for information returns required to be filed on or after January 1, 2024. Go to *IRS.gov/InfoReturn* for e-file options.

Information Reporting Intake System (IRIS). The IRS has developed IRIS, an online portal for e-filing information returns. Go to *IRS.gov/IRIS* for more information.

Online fillable form. Due to the very low volume of paper Forms 1099-Q received and processed by the IRS each year, this form has been converted to an online fillable format. You may fill out the form, found online at *IRS.gov/Form1099Q*, and send Copy B to the recipient. If, due to a low volume of recipients, you are filing the form(s) on paper, you can send in the black-and-white Copy(ies) A with a Form 1096 you also printed from the IRS website.

Specific Instructions

File Form 1099-Q, Payments From Qualified Education Programs (Under Sections 529 and 530), if you (a) are an officer or an employee, or the designee of an officer or employee, having control of a program established by a state or eligible educational institution; and (b) made a distribution from a QTP. A trustee of a Coverdell education savings account (ESA) must file Form 1099-Q to report distributions made from Coverdell ESAs.

Do not file Form 1099-Q for a change in the name of the designated beneficiary on a QTP account if the new beneficiary is a member of the former beneficiary's family. For a Coverdell ESA, the new beneficiary must be a member of the designated beneficiary's family and be under age 30 (except beneficiaries with special needs).

Family members of the designated beneficiary include the beneficiary's spouse. Also included are the beneficiary's children, stepchildren, foster children, and their descendants; siblings and their children; parents, their siblings, and ancestors; stepparents; in-laws; the spouse of any of the foregoing; and any first cousin of the designated beneficiary.

Statements to Recipients

If you are required to file Form 1099-Q, you must also furnish a statement to the recipient. Furnish a copy of Form 1099-Q or an acceptable substitute statement to each recipient. See part M in the current General Instructions for Certain Information Returns.

Truncating recipient's TIN on payee statements. Pursuant to Regulations section 301.6109-4, all filers of this form may truncate a recipient's TIN (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A payer's/trustee's TIN may not be truncated on any form. See part J in the current General Instructions for Certain Information Returns.

Payer's Name and TIN

QTP. For the payer's/trustee's name and TIN, enter the name and EIN of the QTP. For a program established and maintained by a state that uses the EIN of the state, enter the name of the state on the first name line and the name of the program on the second name line.

Coverdell ESA. Enter the name and EIN of the trustee.

Recipient's Name and TIN

QTP. List the designated beneficiary as the recipient only if the distribution is made (a) directly to the designated beneficiary, (b) to an eligible educational institution for the benefit of the designated beneficiary, or (c) directly

(trustee-to-trustee transfer) to a Roth IRA maintained for the benefit of the designated beneficiary. Otherwise, list the account owner as the recipient of the distribution. Enter the TIN for the applicable recipient.

Coverdell ESA. Enter the name and TIN of the designated beneficiary as the recipient.

Account Number

The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-Q. Additionally, the IRS encourages you to designate an account number for all Forms 1099-Q that you file. See part L in the current General Instructions for Certain Information Returns.

Box 1. Gross Distribution

Gross distributions from a QTP, whether in cash or in-kind, include amounts for tuition credits or certificates, payment vouchers, tuition waivers, or other similar items. Gross distributions also include a refund to the account owner or the designated beneficiary, or to the beneficiary upon death or disability. For more information on reporting distributions, see Proposed Regulations section 1.529-4.

Gross distributions from a Coverdell ESA include amounts for a refund, a payment upon death or disability, or a withdrawal of excess contributions plus earnings.

CAUTION *If earnings and basis are not reported for Coverdell ESA distributions, leave boxes 2 and 3 blank. Do not enter zero. Instead, you must report the fair market value (FMV) as of the end of the year in box 7. Label the amount "FMV." See Notice 2003-53, 2003-33 I.R.B. 362, available at IRS.gov/irb/2003-33_IRB#NOT-2003-53, for more reporting requirements.*

Box 2. Earnings

To determine the earnings or (loss) on the gross distribution reported in box 1, use the earnings ratio described in Proposed Regulations section 1.529-3, Notice 2001-81, and Notice 2016-13. You can find Notice 2001-81 on page 617 of Internal Revenue Bulletin 2001-52 at IRS.gov/pub/irs-irbs/irb01-52.pdf and you can find Notice 2016-13 at IRS.gov/irb/2016-07_IRB#NOT-2016-13.

Enter the earnings in box 2. If there is a (loss) and this is not the final year for distributions from the account or there are no earnings, enter zero in box 2. Enter a (loss) in box 2 only if this is the final year for distributions from the account. Earnings are not subject to backup withholding.

If you are reporting a distribution from a Coverdell ESA that includes a returned contribution plus earnings, you should file two Forms 1099-Q, one to report the returned contribution plus earnings, the other to report the distribution of the other part of the account.

You should file a separate Form 1099-Q for any trustee-to-trustee transfer.

For Coverdell ESAs, if you are not reporting earnings, see the *Caution* above.

TIP *For Coverdell ESAs, if you are reporting earnings on a distribution of excess contributions, use the method under Regulations section 1.408-11 for figuring the net income attributable to IRA contributions that are distributed as a returned contribution.*

If the amount in box 2 includes earnings on excess contributions, enter distribution code 2 or 3 (as applicable) in box 7. See Notice 2003-53 for more information.

Box 3. Basis

For QTPs and Coverdell ESAs, if you can determine basis, enter in box 3 the basis included in the gross distribution reported in box 1. The amount in box 3 must equal box 1 minus box 2.

TIP *For determining basis of a Coverdell ESA, you may rely on Notice 2001-81.*

Boxes 4a-4b. Type of Transfer

Check box 4a if the distribution was made directly (trustee-to-trustee transfer) from one QTP to another, or from a QTP to an ABLE account. For a Coverdell ESA, check box 4a if the distribution was made directly to another Coverdell ESA or to a QTP.

In a trustee-to-trustee transfer between qualified education programs, the distributing program must provide you with a statement reporting the earnings portion of the distribution within 30 days of the distribution or by January 10, whichever is earlier. You must properly account for this in figuring the earnings or (loss) reported in box 2 and the basis reported in box 3.

TIP *If you do not have records showing that a gross distribution from a Coverdell ESA made in the current year was a trustee-to-trustee transfer, leave box 4a blank.*

Check box 4b if the distribution was made directly (trustee-to-trustee transfer) from a QTP to a Roth IRA maintained for the benefit of the QTP beneficiary.

Box 5a-5c. Distribution Is From

Check box 5a (private QTP) if the distribution is from a QTP established by one or more private eligible educational institutions, or check box 5b (state QTP) if the distribution is from a QTP established by a state. Otherwise, check box 5c (Coverdell ESA).

Box 6. Designated Beneficiary Checkbox

Check the box if the recipient is not the designated beneficiary under a QTP or a Coverdell ESA (see section 529(e)(1)).

Distribution Codes

For the current year, you may, but are not required to, include one of the following distribution codes in box 7. You may abbreviate as needed. For example, for distribution code 1, you may enter "distr. code 1."

Distribution Code	Use this code for...
1–Distributions	Distributions (including transfers) to the recipient and any direct payments to a qualified educational facility. However, use code 2 or 3 for withdrawals of excess contributions.
2–Excess contributions plus earnings taxable in current year	Withdrawals of excess Coverdell ESA contributions and earnings unless code 3 applies.
3–Excess contributions plus earnings taxable in prior year	Withdrawals of excess contributions from a Coverdell ESA. Advise payees, at the time the distribution is made, that the earnings are taxable in the year in which the excess contributions were made.
4–Disability	Distributions you made after the recipient was disabled (see section 72(m)(7)).
5–Death	Payments to a decedent's beneficiary, including an estate.
6–Prohibited transaction	Prohibited transactions. See sections 408(e)(2) and 408(e)(4) for similar rules that apply to a Coverdell ESA.