

IRS Data Retrieval Flags and Comment Codes

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What We Will Cover

- IRS Data Retrieval Flags
 - ✓ Request Flags
 - ✓ Display Flags
 - ✓ Field Flags
- Masking of IRS Data to Applicants
- Rollovers/Income Earned from Work
- Comment Codes 400 and 401
- Resources

IRS DRT Flags - Request Flags

- Request Flag Blank - IRS DRT not able to be used by Parent/Student due to FAFSA submission method (paper/EDE/FAA Access)
- Request Flag 00 - IRS DRT not able to be used by Parent/Student due to ineligibility
- Request Flag 01 - Parent/Student offered IRS DRT, elected to use it but did not transfer
- Request Flag 02 - IRS Data successfully transferred for Parent/Student with no change by user
- Request Flag 03 - IRS Data successfully transferred for Parent/Student but changed by user before submission of application/correction

IRS DRT Flags - Request Flags (cont.)

- Request Flag 04 - IRS Data successfully transferred for Parent/Student but changed by user on a subsequent transaction
- Request Flag 05 - Parent/Student offered IRS DRT but elected not to use it
- Request Flag 06 - IRS Data successfully transferred for Parent/Student but a subsequent change made the parent/student ineligible to use IRS DRT
- Request Flag 07 - IRS Data successfully transferred for Parent/Student but IRS indicates an amended return was filed

IRS DRT and Flag 07 (Amended Return)

- Many filers incorrectly reported in past years that an amended return had been filed and this made them appear ineligible to use IRS DRT
- Applicant/Parent is no longer asked if an amended return was filed. Instead the IRS DRT process notifies us with flag 07
- In addition to the IRS DRT data we need a signed copy of the 1040X form that was filed

IRS DRT Flags - Display Flags

- Display Flag Blank - IRS DRT not able to be used by Parent/Student due to FAFSA submission method (paper/EDE/FAA Access)
- Display Flag A - Dependent student who has special circumstances or independent student who skipped parent income and asset question, IRS DRT not displayed for parent. Dependent student who skipped income and asset questions IRS DRT not displayed for student
- Display Flag B - IRS DRT displayed to parent/student
- Display Flag C - Tax Return Filing is not equal to Already Completed and IRS DRT not displayed
- Display Flag D - Marital status date greater than January 1, 2017 and IRS DRT not displayed

IRS DRT Flags - Display Flags (cont.)

- Display Flag E - First three digits of SSN are 666 - IRS DRT was not displayed
- Display Flag F - Non-married parent or both married parents entered all zeroes in SSN - IRS DRT was not displayed
- Display Flag G - Neither married parent entered a valid SSN - IRS DRT was not displayed
- Display Flag J - Parent filed a Puerto Rican or Foreign tax return - IRS DRT was not displayed
- Display Flag K - Student/Parents are married and tax return filing status is Married Filing Separate Return - IRS DRT was not displayed
- Display Flag L - Student/Parents are married and tax return filing status is Head of Household - IRS DRT was not displayed
- Display Flag M - Conflict between the parents' marital status and tax return filing - IRS DRT was not displayed
- Display Flag N - Parents' marital status is "Unmarried and both parents living together" - IRS DRT was not displayed

IRS DRT Flags - Field Flags

- Blank = IRS data not transferred from the IRS (when FAFSA transaction submitted via paper or by a financial aid administrator)
- 0 = IRS data not transferred from the IRS (when FAFSA transaction not submitted via paper or by a financial aid administrator)
- 1 = IRS data transferred from the IRS - Field not changed by the user
- 2 = IRS data transferred from the IRS - Field changed by the user prior to submission of the application (can only occur for IRA and Pension fields that were changed as a result of the user entering a rollover amount)
- 3 = IRS data transferred from the IRS - Field corrected by the user on this transaction
- 4 = IRS data transferred from the IRS - Field corrected by the user on a previous transaction

Masking of IRS Data to Applicants

- **What they see** - transferred fields do not show IRS data but instead show "Transferred from the IRS" in the data entry fields
- **When It Matters** - Rollovers and Income Earned from Work or any instance in which the applicant/parent is questioning what data was brought in
- **What We Can Tell Them** - ANN 9/5/17 "Institutions of higher education and state agencies must not disclose income and tax information from the FAFSA with the applicant (and, if applicable, his or her spouse or parents) unless the FAFSA applicant (and, if applicable, his or her spouse or parents) can authenticate their identity. A FAFSA applicant appearing in person and presenting an unexpired, valid government issued photo identification (e.g. a driver's license, non-driver's identification card, other State issued identification, or U.S. passport) is a secure way of doing so for purposes of disclosing FAFSA information. We recognize that institutions of higher education and state agencies may have policies and procedures in place that provide for authentication in a manner other than in person, or practices that guide staff interactions with students and families about how to answer questions from applicant's and their families without compromising highly confidential information. To the extent that our partners lack confidence in their controls, institutions and state agencies may need to strengthen their internal controls and provide additional training for staff to ensure that confidential information is not inappropriately or inadvertently disclosed."

Rollovers

- Rollovers: If an amount greater than \$0 is transferred from the IRS into the Untaxed Portions of IRA Distributions field or the Untaxed Portions of Pensions field in the FAFSA form, the applicant or parent will be required to answer a new question about whether or not that amount includes a rollover. If the applicant or parent answers "yes," he/she will be required to provide the amount of the rollover in a new entry field. Our system will then subtract the user-reported rollover amount from the amount of the IRA or Pension distribution that was transferred from the IRS, and the result will be used in the calculation of the applicant's expected family contribution (EFC).
- ✓ The applicant or parent can't see the total amount reported but must enter the self reported amount of rollover
- ✓ Applicant/Parent can provide a signed statement that there is a qualified rollover and include the rollover amount

Income Earned From Work

- For single applicants and single parents, IRS DRT will populate income earned from work on FAFSA
- For married applicants/parents who filed jointly the applicant/parent will need to populate the income earned from work - but are not able to see the combined amount as reported by IRS DRT
- Conflicting information on this field may trigger comment code 400 or 401

Comment Code 400 (Parent)

- When We See It:
 - ✓ Parent is a tax filer (FAFSA Question 80) and the AGI retrieved from the IRS is zero, but the total income earned from work (FAFSA Questions 88 and 89) is greater than zero.
 - ✓ The total of the Additional Financial Information fields reported on the FAFSA form (FAFSA Questions 93a-f) is greater than the AGI transferred from the IRS.
 - ✓ Any item from the FAFSA list of Untaxed Income (FAFSA Questions 94a-i) is equal to or exceeds the AGI transferred from the IRS.
- What We Are Required to Do
 - ✓ We must review the relevant data items for all possible conditions noted above and obtain documentation to support the accuracy of the information if needed. If the information is determined to be incorrect, institutions must submit corrections.
 - ✓ Special Note: Sometimes there are reasons other than those outlined in this section why Comment Code 400 or 401 may appear on an ISIR. Those technical reasons do not require follow up by an institution. Therefore, once an institution has reviewed each of the conditions discussed above, it need not take any further action.

Comment Code 401 (Applicant)

- When We See It

- ✓ Student is a tax filer (FAFSA Question 32) and the AGI retrieved from the IRS is zero, but the total income earned from work (FAFSA Questions 39 and 40) is greater than zero.
- ✓ The total of the Additional Financial Information fields reported on the FAFSA form (FAFSA Questions 44a-f) is greater than the AGI transferred from the IRS.
- ✓ Any item from the FAFSA list of Untaxed Income (FAFSA Questions 45a-j) is equal to or exceeds the AGI transferred from the IRS.

- What We Are Required to Do

- ✓ We must review the relevant data items for all possible conditions noted above and obtain documentation to support the accuracy of the information if needed. If the information is determined to be incorrect, institutions must submit corrections
- ✓ Special Note: Sometimes there are reasons other than those outlined in this section why Comment Code 400 or 401 may appear on an ISIR. Those technical reasons do not require follow up by an institution. Therefore, once an institution has reviewed each of the conditions discussed above, it need not take any further action.

Resources

- [2018-2019 SAR Comment Codes and Text reference guide.](#)
- <https://ifap.ed.gov/eannouncements/080717ChangestoIRSDRT1819FAFSAForm.html>
- [Program Integrity Information - Questions and Answers](#)

ANY
QUESTIONS?