

## Treasury & IRS Issue Guidance on Education Refunds

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In a new guidance released yesterday, the Department of the Treasury and the Internal Revenue Service (IRS) announced plans to issue regulations clarifying certain education savings plans, including two provisions in the Tax Cuts and Jobs Act.

According to the guidance, the regulations will address special rules for contributions of refunded qualified higher education expenses to a qualified tuition program under § 529(c)(3)(D) of the Internal Revenue Code, new rules under § 529(c)(3)(C)(i)(III) permitting a rollover from a qualified tuition program to an ABLÉ account under § 529A, and new rules under § 529(c)(7) treating certain elementary or secondary school expenses as qualified higher education expenses.

The measure allows individuals to reinvest refunds for tuition or other education-related expenses in a tax-advantaged savings plan without it counting towards their contribution limits if it is put in a Section 529 account within 60 days.

The plan also outlines regulations that will increase the use of 529 savings plans so that \$10,000 of tuition may be contributed to elementary or secondary schools annually.

Likewise, the guidance mentions that 529 rollovers will now qualify for ABLÉ contribution limits, which is currently \$15,000.