

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Index Number: 6050P.01-00

Third Party Communication: None
Date of Communication: Not Applicable

ITT Educational Services, Inc.
c/o Deborah J. Caruso, Chapter 7 Trustee
Rubin and Levin, P.C.
135 N Pennsylvania Street, Suite 1400
Indianapolis, Indiana 46204

Person To Contact:
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Refer Reply To:
CC:PA:02
PLR-117308-18

In Re: ITT Educational Services, Inc.

Date:
November 08, 2018

Legend

Entity = ITT Educational Services, Inc.

Service provider = for-profit operator of colleges offering educational services

Services = tuition

Dear Ms. Caruso:

This letter responds to the letter dated May 23, 2018, submitted on behalf of Entity requesting a ruling that Entity is not required by I.R.C. § 6050P and Treasury Regulations § 1.6050P-1 to file Forms 1099-C to report discharges of indebtedness because Entity is not an applicable entity under section 6050P(c). For the reasons set forth below, we conclude that Entity is not required to report discharges of indebtedness because it is not an applicable entity under section 6050P(c).

Facts

Entity was a service provider that also provided financing to its customers for services. Entity was involved in the founding of other entities that may be applicable financial entities. These other entities are not the taxpayer and are not the subject of this ruling.

Law & Analysis

Section 6050P of the Internal Revenue Code requires that an applicable entity report any discharges (in whole or in part) of indebtedness of any person in excess of \$600 on a Form 1099-C. Applicable entity is defined in section 6050P(c). Relevant here, applicable entity includes "any organization a significant trade or business of which is the lending of money." I.R.C. § 6050P(c)(2)(D). Under section 1.6050P-2(c), if an entity whose principal trade or business is selling nonfinancial goods or providing nonfinancial

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services extends credit to the purchasers of those goods or services to finance the purchases, then, for purposes of section 6050P(c)(2)(D), the extensions of credit are not a significant trade or business of lending money. Entity fits within the rule in section 1.6050P-2(c). Entity's principal trade or business is providing nonfinancial services. Entity's lending activities are limited to extending credit to the purchasers of those services to finance the purchase of the services. Therefore, entity is not an "organization a significant trade or business of which is the lending of money." None of the other definitions of applicable entity in section 6050P(c) apply to Entity. Therefore, Entity is not an applicable entity under section 6050P.

Conclusion

Based solely on the information provided and representations made, we conclude that Entity is not required to file Forms 1099-C to report discharges of indebtedness under section 6050P because Entity is not an applicable entity.

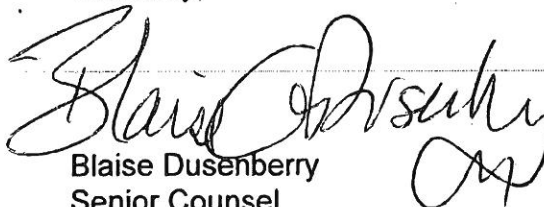
Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Sincerely,



Blaise Dusenberry
Senior Counsel
(Procedure & Administration)

Enclosures: (1) Copy of letter for section 6110 purposes
(2) Notice of Intention to Disclose, Notice 437

FAX COVER SHEET**OFFICE OF CHIEF COUNSEL, IRS**

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COMMENTS: