

## Notice 2025-xx, 2025-x IRB xxx, [date], IRC Sec(s). 529

### 529 Plans –Recognized Postsecondary Credentialing Expenses Treated as Qualified Higher Education Expenses

#### Part III - Administrative, Procedural, and Miscellaneous

Interim Guidance Regarding Recognized Postsecondary Credentialing Programs under Section 529 of the Internal Revenue Code

#### 1. OVERVIEW

This Notice provides interim guidance regarding the treatment of certain programs that the Department of the Treasury (Treasury Department) and Internal Revenue Service (IRS) will treat as recognized postsecondary credential programs (RPCPs) within the meaning of Section 529(f)(2)(D) of the Internal Revenue Code (Code)<sup>1</sup> and certain postsecondary employment credentials that the Treasury Department and the IRS will treat as recognized postsecondary credentials (RPCs) within the meaning of § 529(f)(3)(A)(iii). RPCPs include any program to obtain an RPC within the meaning of Section 529(f)(3) of the Code, if the program meets one of the enumerated conditions in Section 529(f)(2)(A)-(C) or, under Section 529(f)(2)(D), is identified by the Secretary of the Treasury, after consultation with the Secretary of Labor, as being a reputable program for obtaining an RPC.

Under Section 529(f)(1)(C) of the Code, qualified postsecondary credentialing expenses (QPCEs) include fees to enroll in or attend an RPCP, fees for testing required to obtain or maintain RPCs, and fees for continuing education required to maintain an RPC. Under Section 529(e)(3)(C) of the Code, QPCEs are treated as qualified higher education expenses (QHEEs). As of the enactment date, July 4, 2025, under Section 529(c)(3) of the Code, no portion of distributions under a qualified tuition program to pay QPCEs are included in the gross income of the distributee.

The rules for QPCEs were added to the Code by the enactment of § 70414 of Public Law 119-21, 139 Stat.167, 218, 219 (July 4, 2025), commonly referred to as the One Big Beautiful Bill Act (OBBBA), effective upon

enactment. The Treasury Department and the IRS intend to issue proposed regulations (forthcoming proposed regulations) addressing the application of the QPCE rules. This Notice provides interim guidance regarding the application of the QPCE rules for RPCs, and the Treasury Department and the IRS intend to issue forthcoming proposed regulations that will include proposed rules consistent with such interim guidance. Taxpayers may rely on such interim guidance pending publication of such proposed rules and for 90 days after the date forthcoming proposed regulations are published in the Federal Register.

Section 2 of this Notice provides a summary of relevant law and other information relevant to this Notice. Section 3 of this Notice provides additional interim guidance regarding the application of the RPCP and RPC rules that taxpayers may rely on for distributions from qualified tuition programs received on or before the date forthcoming proposed regulations are published in the Federal Register. The Treasury Department and the IRS intend to propose rules in forthcoming proposed regulations consistent with the interim guidance provided in Sections 3 of this Notice. Section 4 of this Notice provides applicability dates and requirements for relying on the interim guidance provided in this Notice until the issuance of forthcoming proposed regulations. Section 5 of this Notice requests comments on the interim guidance provided in this Notice. Section 6 of this Notice describes the effect this Notice has on other documents. Section 7 of this Notice provides drafting and contact information.

## 2. BACKGROUND

.01. Overview of the Rules for Qualified Tuition Programs. Section 529(c)(3)(A) provides that a distribution by a qualified tuition program is includible in the gross income of the distributee in the manner provided by Section 72 of the Code. If, however, the distribution is made in-kind for the benefit of a distributee, “which if paid for the distributee, would constitute the payment of a [QHEE]”, the distributee may exclude the distribution from gross income. Section 529(c)(3)(B)(i). Concomitantly, § 529(c)(3)(B)(ii)(I) provides if the distribution is made directly to the distributee in an amount that does not exceed the QHEEs incurred by the distributee, the distributee may exclude the distribution from the qualified tuition program from gross income.

Section 70414 of the OBBBA amended § 529 to expand the category of expenses that can be treated as QHEEs as of July 4, 2025. Under § 529(e)(3)(C), effective as of July 4, 2025, QHEEs include QPCEs. Under § 529(f)(1), QPCEs include:

- tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a designated beneficiary in an RPCP, or any other expense incurred in connection with enrollment in

or attendance at an RPCP if such expense would, if incurred in connection with enrollment or attendance at an eligible educational institution, be covered under subsection 529(e)(3)(A);

- fees for testing if such testing is required to obtain or maintain an RPC; and
- fees for continuing education if such education is required to maintain an RPC.

.02. Definition of RPCP.

- (1) Section 529(f)(2) provides that an RPCP includes any program to obtain an RPC if one of four requirements are met. Section 529(f)(2)(A) and (B) provide that an RPCP meets the requirements to obtain an RPC if the RPCP meets specified non-tax requirements.
- (2) Section 529(f)(2)(C) provides that an RPCP will be treated as a program qualified to obtain an RPC if “an examination (developed or administered by an organization widely recognized as providing reputable credentials in the occupation) is required to obtain or maintain such credential and such organization recognizes such program as providing training or education which prepares individuals to take such examination.” The Code does not specify what criteria must be met in order for an organization to be considered as widely recognized as providing reputable credentials in the occupation within the meaning of § 529(f)(2)(C).
- (3) Section 529(f)(2)(D) treats a program as an RPCP to obtain an RPC “if such program is identified by the Secretary, after consultation with the Secretary of Labor, as being a reputable program for obtaining a recognized postsecondary credential for purposes of this subparagraph.” The Code does not specify when an RPCP will be treated as a reputable program for obtaining an RPC within the meaning of § 529(f)(2)(D).

.03. Definition of RPC.

- (1) Section 529(f)(3)(A) provides that an RPC is any industry recognized postsecondary employment credential if one of three requirements that demonstrate industry recognition are met. Section 529(f)(3)(A)(i) and (ii) list specified non-tax indicators, such a particular accreditation status or inclusion in certain directories of credentials, as sufficient indicators of industry recognition.
- (2) Section 529(f)(3)(A)(i) and (ii) provide that a postsecondary employment credential includes credentials issued by certain organizations that are accredited by specified accrediting bodies and credentials that are included in certain governmental directories.
- (3) Section 529(f)(3)(A)(iii) provides that an RPC includes “any postsecondary employment credential identified for purposes of this clause by the Secretary [of the Treasury], after consultation with the

Secretary of Labor, as being industry recognized.”

(4) Section 529(f)(3)(B)-(D) identify other categories of credentials that also qualify as RPCs.

.04. Regulatory Authority. Section 529(g) provides that the Secretary of the Treasury “shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section and to prevent abuse of such purposes.”

### 3. INTERIM GUIDANCE ON RPCPs AND RPCs

.01. Purpose. This section 3 provides interim guidance regarding circumstances under which the Treasury and the IRS will treat RPCs as “industry recognized” within the meaning of Section 529(f)(3)(A)(iii). This section 3 also provides guidance regarding when the Treasury Department and the IRS will treat a credentialing program as an RPCP within the meaning of § 529(f)(2)(D). The Treasury Department and the IRS intend to propose rules in forthcoming proposed regulations consistent with the interim guidance provided in this section 3.

.02. Postsecondary Employment Credentials Treated as RPCs. For purposes of this section 3, an RPC includes a postsecondary employment credential issued by a credentialing organization that either is accredited by a profession-specific certification program accrediting body, or at a minimum:

1. maintains a process to define, periodically review, enforce, and update specific standards regarding knowledge and skills that are important to performance of the occupation or specialty for which the credential is issued;
2. administers a psychometrically valid assessment of relevant competencies for the occupation or specialty that is based on a job analysis conducted by a representative panel of subject matter experts in order to determine whether an individual seeking the credential meets standards for initial certification, and, if an assessment is required for recertification, for recertification;
3. establishes and enforces a code of professional conduct for credential holders;
4. requires that, in order to hold the certifying body’s credential, candidates must satisfy—
  - a. the certifying body’s applicable requirements for initial certification; and
  - b. any applicable recertification or continuing certification requirements of the certifying body that

granted the initial certification; and

5. makes information publicly available in an easily accessible form about the nature of the credential, including by publishing a content blueprint for any assessment that is required of credential holders and also making publicly available the issuing certifying body's procedures and policies in order to enable candidates and the public to evaluate the scope, meaning, and value of the credential; and also maintains a public list of individuals holding the credential.

.03. Examples of Profession-Specific Certification Program Accrediting Bodies. Examples of profession-specific certification program accrediting bodies include specialty nursing certifications accredited by the Accreditation Board for Specialty Nursing Certification (ABSNC), certification programs for professionals in engineering and scientific specialties that are accredited by the Council of Engineering and Scientific Specialty Boards (CESB) , and specialty certification programs for lawyers in particular fields of law that are accredited by the American Bar Association (ABA) Standing Committee on Specialization, as well as similar profession-specific certification program accreditors.

.04. Programs Treated as RPCPs. The Treasury Department and the IRS will treat a training or educational program as an RPCP under Section 529(f)(2)(D) if such program either holds accreditation from a profession-specific programmatic accrediting body for training or educational programs in the field or is sufficient to meet training or eligibility requirements set by an RPC. Such accreditation and/or inclusion among training and eligibility requirements of an RPC will be treated as sufficient evidence that the credential is "industry recognized" or the program is a "reputable program."

.04. Examples of Profession-Specific Programmatic Accrediting Bodies. Examples of profession-specific programmatic accrediting bodies include HVAC Excellence programmatic accreditation and the International Accreditors for Continuing Education and Training (IACT).

#### 4. APPLICABILITY DATES AND RELIANCE

.01. Section 3 of this Notice. Taxpayers may rely on the interim guidance described in section 3 of this Notice for RPCs and RPCPs on or before the date that is no later than 90 days after forthcoming proposed regulations are published in the Federal Register.

## 5. REQUEST FOR COMMENTS

.01. Comments regarding interim guidance provided in this Notice. The Treasury Department and the IRS request comments on any questions arising from the interim guidance provided in this Notice.

.02. Procedures for Submitting Comments.

(1) Deadline. Written comments should be submitted by \_\_\_\_\_. Consideration will be given, however, to any written comment submitted after \_\_\_\_\_, if such consideration will not delay the issuance of forthcoming proposed regulations.

(2) Form and manner. The subject line for the comments should include a reference to Notice 20254-xx. All commenters are strongly encouraged to submit comments electronically. However, comments may be submitted in one of two ways:

(a) Electronically via the Federal eRulemaking Portal at <https://www.regulations.gov> (type IRS-2023-XXXX in the search field on the [www.regulations.gov](http://www.regulations.gov) homepage to find this Notice and submit comments); or

(b) By mail to: Internal Revenue Service, CC:PA:LPD:PR (Notice 2023-XX), Room 5203, P.O. Box 7604, Ben Franklin Station, Washington, D.C., 20044.

(3) Publication of comments. The Treasury Department and the IRS will publish for public availability any comment submitted electronically and on paper to the IRS's public docket on [www.regulations.gov](http://www.regulations.gov).

## 6. DRAFTING AND CONTACT INFORMATION

The principal authors of this Notice are \_\_\_\_\_ of the Office of the Associate Chief Counsel (specify branch) and \_\_\_\_\_ of the Office of the Associate Chief Counsel (specify branch). Other personnel from the Treasury Department and the IRS participated in its development. For further information regarding section 3 of this Notice, contact \_\_\_\_\_ at (202) 317-xxxx (not a toll-free number). For further information regarding all other aspects of this Notice, contact \_\_\_\_\_ at (202) 317-xxxx (not a toll-free number).

---

<sup>1</sup> Unless otherwise specified, all "section" or "\$" references are to sections of the Code or the Income Tax Regulations (26 CFR part 1).