

108TH CONGRESS
2D SESSION

H. R. 4723

To amend the Internal Revenue Code of 1986 to provide an exclusion from gross income for student loan payments made by an employer on behalf of an employee.

IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 2004

Mr. BRADLEY of New Hampshire (for himself and Mr. SENSENBRENNER) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide an exclusion from gross income for student loan payments made by an employer on behalf of an employee.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. EXCLUSION FOR EMPLOYER STUDENT LOAN**
4 **REPAYMENTS.**

5 (a) IN GENERAL.—Part III of subchapter B of chap-
6 ter 1 of the Internal Revenue Code of 1986 is amended
7 by inserting after section 106 the following new section:

1 **“SEC. 106A. EMPLOYER STUDENT LOAN REPAYMENTS.**

2 “(a) IN GENERAL.—Gross income of an employee
3 does not include payments made by the employer on behalf
4 of an employee on any qualified education loan (within the
5 meaning of section 221(d)) of such employee.

6 “(b) COORDINATION WITH INTEREST DEDUCTION.—
7 Any payment taken into account under this section shall
8 not be taken into account under section 221.

9 “(c) CROSS REFERENCE.—For penalty on failure by
10 employer to offer comparable payments on qualified edu-
11 cation loans of comparable employees, see section
12 4980H.”.

13 (b) FAILURE OF EMPLOYER TO MAKE COMPARABLE
14 PAYMENTS ON QUALIFIED EDUCATION LOANS OF EM-
15 PLOYEES.—Chapter 43 of such Code is amended by add-
16 ing at the end the following new section:

17 **“SEC. 4980H. FAILURE OF EMPLOYER TO MAKE COM-**
18 **PARABLE PAYMENTS ON QUALIFIED EDU-**
19 **CATION LOANS OF EMPLOYEES.**

20 “(a) IMPOSITION OF TAX.—There is hereby imposed
21 a tax on the failure of any employer to make available
22 comparable payments on the qualified education loans of
23 each employee of the employer for any calendar year.

24 “(b) AMOUNT OF TAX.—The amount of the tax im-
25 posed by subsection (a) on any failure for any calendar
26 year is the amount equal to 35 percent of the aggregate

1 amount of payments made by the employer on qualified
2 education loans of employees for the calendar year.

3 “(c) COMPARABLE PAYMENTS.—

4 “(1) IN GENERAL.—For purposes of this sec-
5 tion, the term ‘comparable payments’ means pay-
6 ments which are—

7 “(A) the same amount, or

8 “(B) limited by the amount due under the
9 qualified education loans (if any).

10 “(2) PART-YEAR EMPLOYEES.—In the case of
11 an employee who is employed by the employer for
12 only a portion of the calendar year, a payment shall
13 be treated as comparable if it is an amount which
14 bears the same ratio to the comparable amount (de-
15 termined without regard to this paragraph) as such
16 portion bears to the entire calendar year.

17 “(d) SEPARATE APPLICATION FOR PART-TIME EM-
18 PLOYEES.—The requirements of this section shall be ap-
19 plied separately with respect to part-time employees and
20 other employees. For purposes of the preceding sentence,
21 the term ‘part-time employee’ means any employee who
22 is customarily employed for fewer than 30 hours per week.

23 “(e) WAIVER BY SECRETARY.—In the case of a fail-
24 ure which is due to reasonable cause and not to willful
25 neglect, the Secretary may waive part or all of the tax

1 imposed by subsection (a) to the extent that the payment
2 of such tax would be excessive relative to the failure in-
3 volved.”.

4 (c) CLERICAL AMENDMENTS.—

5 (1) The table of sections for part III of sub-
6 chapter B of chapter 1 of such Code is amended by
7 inserting after the item relating to section 106 the
8 following new item:

“Sec. 106A. Employer student loan repayments.”.

9 (2) The table of sections for chapter 43 of such
10 Code is amended by adding at the end the following
11 new item:

“Sec. 4980H. Failure of employer to make comparable payments on qualified
education loans of employees.”.

12 (d) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to payments made after the date
14 of the enactment of this Act in taxable years ending after
15 such date.

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