

108TH CONGRESS
2D SESSION

H. R. 5262

To amend the Internal Revenue Code of 1986 to allow a deduction from gross income for uncompensated education costs incurred by veterans' survivors and dependents who are in receipt of educational assistance under chapter 35 of title 38, United States Code.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 2004

Mr. FOSSELLA 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 allow a deduction from gross income for uncompensated education costs incurred by veterans' survivors and dependents who are in receipt of educational assistance under chapter 35 of title 38, United States Code.

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. FINDINGS.**

4 The Congress finds that—

5 (1) the United States owes a debt to those men
6 and women who have lost their lives or have become
7 completely and permanently disabled in the line of

1 duty while defending the Nation in the war on ter-
 2 rorism;

3 (2) the United States owes a debt to the fami-
 4 lies of these fallen heroes for their sacrifices; and

5 (3) one way to begin repaying this debt would
 6 be to ensure that the children of these fallen heroes
 7 have access to higher education.

8 **SEC. 2. DEDUCTION OF EDUCATION COSTS OF VETERANS'**
 9 **SURVIVORS AND DEPENDENTS.**

10 (a) IN GENERAL.—Part VII of subchapter B of chap-
 11 ter 1 of the Internal Revenue Code of 1986 (relating to
 12 additional itemized deductions for individuals) is amended
 13 by redesignating section 224 as section 225 and by insert-
 14 ing after section 223 the following new section:

15 **“SEC. 224. EDUCATION COSTS OF VETERANS’ SURVIVORS**
 16 **AND DEPENDENTS.**

17 “(a) DEDUCTION ALLOWED.—In the case of an indi-
 18 vidual, there shall be allowed as a deduction for the tax-
 19 able year an amount equal to the amount paid by the tax-
 20 payer during the taxable year (for education furnished to
 21 the eligible person during any academic period beginning
 22 in such taxable year) for qualified education expenses.

23 “(b) ELIGIBLE PERSON.—For purposes of subsection
 24 (a), the term ‘eligible person’ has the meaning given such

1 term by section 3501(a)(1) of title 38, United States
2 Code.

3 “(c) QUALIFIED EDUCATION EXPENSES.—For pur-
4 poses of subsection (a)—

5 “(1) IN GENERAL.—The term ‘qualified edu-
6 cation expenses’ means expenses for educational as-
7 sistance to which the eligible person would be enti-
8 tled for a month under chapter 35 of title 38,
9 United States Code, but for the maximum amount
10 of educational assistance allowance payable for such
11 month under section 3532 of such chapter.

12 “(2) COORDINATION WITH OTHER EDUCATION-
13 RELATED BENEFITS.—The amount of qualified edu-
14 cation expenses for any taxable year shall be reduced
15 by the sum of—

16 “(A) the amount excluded from gross in-
17 come under section 127, 135, 529, or 530 by
18 reason of such expenses, and

19 “(B) the amount of any scholarship, allow-
20 ance, or payment described in section
21 25A(g)(2).”.

22 (b) DEDUCTION ALLOWED WHETHER OR NOT INDIV-
23 IDUAL ITEMIZES OTHER DEDUCTIONS.—Subsection (a)
24 of section 62 of such Code is amended by inserting after
25 paragraph (19) the following new paragraph:

1 “(20) EDUCATION COSTS OF VETERANS’ SUR-
2 VIVORS AND DEPENDENTS.—The deduction allowed
3 by section 224.”.

4 (c) CLERICAL AMENDMENT.—The table of sections
5 for part VII of subchapter B of chapter 1 of such Code
6 is amended by striking the last item and inserting the fol-
7 lowing new items:

 “Sec. 224. Education costs of veterans’ survivors and dependents.

 “Sec. 225. Cross reference.”.

8 (d) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 2000, for amounts paid or incurred for edu-
11 cation furnished after September 11, 2001.

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