

109TH CONGRESS
1ST SESSION

H. R. 265

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

Mr. BRADLEY of New Hampshire 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:

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

9 “(a) IN GENERAL.—Gross income of an employee
10 does not include payments made by the employer on behalf

1 of an employee on any qualified education loan (within the
2 meaning of section 221(d)) of such employee.

3 “(b) COORDINATION WITH INTEREST DEDUCTION.—
4 Any payment taken into account under this section shall
5 not be taken into account under section 221.

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

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

14 **“SEC. 4980H. FAILURE OF EMPLOYER TO MAKE COM-**
15 **PARABLE PAYMENTS ON QUALIFIED EDU-**
16 **CATION LOANS OF EMPLOYEES.**

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

21 “(b) AMOUNT OF TAX.—The amount of the tax im-
22 posed by subsection (a) on any failure for any calendar
23 year is the amount equal to 35 percent of the aggregate
24 amount of payments made by the employer on qualified
25 education loans of employees for the calendar year.

1 “(c) COMPARABLE PAYMENTS.—

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

5 “(A) the same amount, or

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

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

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

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

1 of such tax would be excessive relative to the failure in-
2 volved.”.

3 (c) CLERICAL AMENDMENTS.—

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

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

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

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

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

○