

114TH CONGRESS
1ST SESSION

H. R. 1713

To amend the Internal Revenue Code of 1986 to exclude from Federal income taxation certain employer-provided student loan assistance, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 26, 2015

Mr. PETERS 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 exclude from Federal income taxation certain employer-provided student loan assistance, and for other purposes.

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. SHORT TITLE.**

4 This Act may be cited as the “Student Loan Repay-
5 ment Assistance Act of 2015”.

1 **SEC. 2. EXCLUSION FROM GROSS INCOME OF BENEFITS**
2 **UNDER CERTAIN STUDENT LOAN PAYMENT**
3 **ASSISTANCE PROGRAMS.**

4 (a) IN GENERAL.—Part III of subchapter B of chap-
5 ter 1 of the Internal Revenue Code of 1986 is amended
6 by inserting after section 127 the following new section:

7 **“SEC. 127A. STUDENT LOAN PAYMENT ASSISTANCE PRO-**
8 **GRAMS.**

9 “(a) IN GENERAL.—Gross income of a qualified em-
10 ployee does not include amounts paid or incurred by the
11 employer for student loan payment assistance provided to
12 such employee if the assistance is furnished pursuant to
13 a program which is described in subsection (c).

14 “(b) QUALIFIED EMPLOYEE.—For purposes of this
15 subsection, the term ‘qualified employee’ means any em-
16 ployee who contributes (in addition to any amount ex-
17 cluded from gross income under this section) not less than
18 \$50 per month for payment of principal and interest on
19 the loans subject to the student loan payment assistance
20 program.

21 “(c) LIMITATIONS.—

22 “(1) ASSISTANCE LIMITATION.—The amount
23 taken into account under subsection (a) with respect
24 to an individual for student loan assistance with re-
25 spect to student loan payments during a taxable
26 year shall not exceed \$6,000.

1 “(2) EARNED INCOME LIMITATION.—The
2 amount excluded from the income of an employee
3 under subsection (a) for any taxable year shall not
4 exceed the earned income of such employee for such
5 taxable year.

6 “(d) STUDENT LOAN PAYMENT ASSISTANCE PRO-
7 GRAM.—

8 “(1) IN GENERAL.—For purposes of this sec-
9 tion a student loan payment assistance program is
10 a separate written plan of an employer for the exclu-
11 sive benefit of his employees to provide such employ-
12 ees with student loan payment assistance which
13 meets the requirements of paragraphs (2) through
14 (10) of this subsection. If any plan would qualify as
15 a student loan payment assistance program but for
16 a failure to meet the requirements of this subsection,
17 then, notwithstanding such failure, such plan shall
18 be treated as a student loan payment assistance pro-
19 gram in the case of employees who are not highly
20 compensated employees.

21 “(2) DISCRIMINATION.—The contributions or
22 benefits provided under the plan shall not discrimi-
23 nate in favor of employees who are highly com-
24 pensated employees (within the meaning of section
25 414(q)).

1 “(3) ELIGIBILITY.—The program shall benefit
2 employees who qualify under a classification set up
3 by the employer and found by the Secretary not to
4 be discriminatory in favor of employees described in
5 paragraph (2).

6 “(4) PRINCIPAL SHAREHOLDERS OR OWNERS.—
7 Not more than 25 percent of the amounts paid or
8 incurred by the employer for student loan payment
9 assistance during the year may be provided for the
10 class of individuals who are shareholders or owners
11 (or their spouses or dependents), each of whom (on
12 any day of the year) owns more than 5 percent of
13 the stock or of the capital or profits interest in the
14 employer.

15 “(5) NO FUNDING REQUIRED.—A program re-
16 ferred to in paragraph (1) is not required to be
17 funded.

18 “(6) NOTIFICATION OF ELIGIBLE EMPLOY-
19 EES.—Reasonable notification of the availability and
20 terms of the program shall be provided to eligible
21 employees.

22 “(7) STATEMENT OF EXPENSES.—The plan
23 shall furnish to an employee, on or before January
24 31, a written statement showing the amounts paid
25 or expenses incurred by the employer in providing

1 student loan payment assistance to such employee
2 during the previous calendar year.

3 “(8) BENEFITS.—

4 “(A) IN GENERAL.—A plan meets the re-
5 quirements of this paragraph if the average
6 benefits provided to employees who are not
7 highly compensated employees under all plans
8 of the employer is at least 55 percent of the av-
9 erage benefits provided to highly compensated
10 employees under all plans of the employer.

11 “(B) SALARY REDUCTION AGREEMENTS.—

12 For purposes of subparagraph (A), in the case
13 of any benefits provided through a salary reduc-
14 tion agreement, a plan may disregard any em-
15 ployees whose compensation is less than
16 \$25,000. For purposes of this subparagraph,
17 the term ‘compensation’ has the meaning given
18 such term by section 414(q)(4), except that,
19 under rules prescribed by the Secretary, an em-
20 ployer may elect to determine compensation on
21 any other basis which does not discriminate in
22 favor of highly compensated employees.

23 “(9) CONTRIBUTIONS MADE DIRECTLY TO
24 LENDER.—A plan meets the requirements of this
25 paragraph if all benefits provided under the plan are

1 paid directly to the holder of the indebtedness re-
2 ferred to in subsection (d)(1)(A)(i).

3 “(10) MATCHING CONTRIBUTIONS.—A plan
4 which meets the requirements of paragraphs (2)
5 through (9) shall not fail to be treated as a program
6 described in this subsection merely because such
7 plan provides for the employer to make matching
8 contributions with respect to employee contributions.

9 “(e) DEFINITIONS AND SPECIAL RULES.—For pur-
10 poses of this section—

11 “(1) STUDENT LOAN PAYMENT ASSISTANCE.—

12 “(A) IN GENERAL.—The term ‘student
13 loan payment assistance’ means the payment of
14 principal or interest on—

15 “(i) any indebtedness incurred by the
16 employee solely to pay qualified higher
17 education expenses (as defined in section
18 221) which—

19 “(I) are paid or incurred within a
20 reasonable period of time before or
21 after the indebtedness was incurred,
22 and

23 “(II) are attributable to edu-
24 cation furnished during a period dur-

1 ing which the employee was an eligible
2 student, or

3 “(ii) any indebtedness used to refi-
4 nance indebtedness described in clause (i).

5 Such term shall not include any payment of
6 principal or interest on indebtedness owed to a
7 person who is related (within the meaning of
8 section 267(b) or 707(b)(1)) to the taxpayer or
9 to any person by reason of a loan under any
10 qualified employer plan (as defined in section
11 72(p)(4)) or under any contract referred to in
12 section 72(p)(5).

13 “(B) ELIGIBLE STUDENT.—For purposes
14 of this subsection, the term ‘eligible student’
15 means, with respect to any academic period, a
16 student who meets the requirements of section
17 484(a)(1) of the Higher Education Act of 1965
18 (20 U.S.C. 1091(a)(1)), as in effect on the date
19 of the enactment of this section.

20 “(C) DEPENDENT.—The term ‘dependent’
21 has the meaning given such term by section
22 152 (determined without regard to subsections
23 (b)(1), (b)(2), and (d)(1)(B) thereof).

24 “(2) EARNED INCOME.—The term ‘earned in-
25 come’ shall have the meaning given such term in

1 section 32(c)(2), but such term shall not include any
2 amounts paid or incurred by an employer for stu-
3 dent loan payment assistance to an employee.

4 “(3) EMPLOYEE.—The term ‘employee’ in-
5 cludes, for any year, an individual who is an em-
6 ployee within the meaning of section 401(c)(1) (re-
7 lating to self-employed individuals).

8 “(4) EMPLOYER.—An individual who owns the
9 entire interest in an unincorporated trade or busi-
10 ness shall be treated as his own employer. A part-
11 nership shall be treated as the employer of each
12 partner who is an employee within the meaning of
13 paragraph (3).

14 “(5) ATTRIBUTION RULES.—

15 “(A) OWNERSHIP OF STOCK.—Ownership
16 of stock in a corporation shall be determined in
17 accordance with the rules provided under sub-
18 sections (d) and (e) of section 1563 (without re-
19 gard to section 1563(e)(3)(C)).

20 “(B) INTEREST IN UNINCORPORATED
21 TRADE OR BUSINESS.—The interest of an em-
22 ployee in a trade or business which is not incor-
23 porated shall be determined in accordance with
24 regulations prescribed by the Secretary, which
25 shall be based on principles similar to the prin-

1 principles which apply in the case of subparagraph
2 (A).

3 “(6) UTILIZATION TEST NOT APPLICABLE.—A
4 student loan payment assistance program shall not
5 be held or considered to fail to meet any require-
6 ments of subsection (c) (other than paragraphs (4)
7 and (8) thereof) merely because of utilization rates
8 for the different types of assistance made available
9 under the program.

10 “(7) DISALLOWANCE OF EXCLUDED AMOUNTS
11 AS CREDIT OR DEDUCTION.—No deduction or credit
12 shall be allowed to the employee under any other
13 section of this chapter for any amount excluded from
14 the gross income of the employee by reason of this
15 section.

16 “(8) TREATMENT OF SALARY REDUCTION
17 AMOUNTS.—Any matching contribution withheld
18 from an employee under a student loan payment as-
19 sistance program pursuant to a salary reduction
20 agreement shall be treated for purposes of this title
21 as an amount paid by the employee and not as an
22 amount paid by the employer.”.

23 (b) CONFORMING AMENDMENTS.—Sections
24 221(d)(2)(A), 414(n)(3)(C) and (t)(2), 3121(a)(18),

1 3306(b)(13), 3401(a)(18), and 6039D(d)(1) of such Code
 2 are each amended by inserting “127A,” after “127,”.

3 (c) CLERICAL AMENDMENT.—The table of sections
 4 for part III of subchapter B of chapter 1 of such Code
 5 is amended by inserting after the item relating to section
 6 127 the following new item:

“Sec. 127A. Student loan payment assistance programs.”.

7 (d) EFFECTIVE DATE.—The amendments made by
 8 this section shall apply to taxable years beginning after
 9 the date of the enactment of this Act.

10 **SEC. 3. DEDUCTION FOR STUDENT LOAN PAYMENTS WHICH**
 11 **ARE MATCHED BY AN EMPLOYER.**

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

16 **“SEC. 224. DEDUCTION FOR STUDENT LOAN PAYMENTS**
 17 **WHICH ARE MATCHED BY AN EMPLOYER.**

18 “(a) IN GENERAL.—In the case of an individual who
 19 is a qualified employee (as defined in section 127A), there
 20 shall be allowed as a deduction an amount equal to the
 21 student loan payments made by such individual with re-
 22 spect to which an employer of such individual makes
 23 matching contributions under a student loan payment as-
 24 sistance program which are excludible from the gross in-
 25 come of such employee under section 127A.

1 “(b) ANNUAL LIMITATION.—The amount allowable
2 as a deduction under subsection (a) with respect to any
3 individual for any taxable year shall not exceed \$6,000.

4 “(c) LIFETIME LIMITATION.—The amount allowable
5 as a deduction under subsection (a) with respect to any
6 individual for any taxable year shall not exceed the excess
7 of—

8 “(1) \$50,000, over

9 “(2) the aggregate amount allowable as a de-
10 duction under subsection (a) with respect to such in-
11 dividual for all prior taxable years.

12 “(d) DENIAL OF DOUBLE BENEFIT.—Any amount
13 excluded from the gross income of an individual under sec-
14 tion 127A shall not be treated as an amount paid by such
15 individual for purposes of this section. The amount of
16 principal and interest with respect to which a deduction
17 is allowed under this section shall not be taken into ac-
18 count in determining the amount of any other deduction
19 or credit allowed under this chapter.”.

20 (b) CLERICAL AMENDMENT.—The table of sections
21 for part VII of subchapter B of chapter 1 of such Code
22 is amended by redesignating the item relating to section
23 224 as an item relating to section 225 and by inserting
24 after the item relating to section 223 the following new
25 item:

“Sec. 224. Deduction for student loan payments which are matched by an employer.”.

- 1 (c) EFFECTIVE DATE.—The amendments made by
- 2 this section shall apply to taxable years beginning after
- 3 the date of the enactment of this Act.

