

9

115TH CONGRESS H.R. 6767

To amend the Internal Revenue Code of 1986 to allow qualified education loan repayments from section 529 plans.

IN THE HOUSE OF REPRESENTATIVES

September 10, 2018

Mr. Paulsen 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 qualified education loan repayments from section 529 plans.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. QUALIFIED EDUCATION LOAN REPAYMENTS

ALLOWED FROM SECTION 529 PLANS.

(a) IN GENERAL.—Section 529(c) of the Internal
Revenue Code of 1986 is amended by adding at the end
the following new paragraph:

"(8) TREATMENT OF QUALIFIED EDUCATION

LOAN REPAYMENTS.—

1	"(A) IN GENERAL.—Any reference in this
2	subsection to the term 'qualified higher edu-
3	cation expense' shall include a reference to
4	amounts paid as principal or interest on any
5	qualified education loan (as defined in section
6	221(d)) of the designated beneficiary or a sib-
7	ling of the designated beneficiary.
8	"(B) LIMITATION.—The amount of dis-
9	tributions treated as a qualified higher edu-
10	cation expense under this paragraph with re-
11	spect to the loans of any individual shall not ex-
12	ceed \$10,000 (reduced by the amount of dis-
13	tributions so treated for all prior taxable years).
14	"(C) Special rules for siblings of
15	THE DESIGNATED BENEFICIARY.—
16	"(i) SEPARATE ACCOUNTING.—For
17	purposes of subparagraph (B) and sub-
18	section (d), amounts treated as a qualified
19	higher education expense with respect to
20	the loans of a sibling of the designated
21	beneficiary shall be taken into account
22	with respect to such sibling and not with
23	respect to such designated beneficiary.
24	"(ii) Sibling defined.—For pur-
25	poses of this paragraph, the term 'sibling'

1	means an individual who bears a relation-
2	ship to the designated beneficiary which is
3	described in section 152(d)(2)(B).".
4	(b) Coordination With Deduction for Student
5	Loan Interest.—Section 221(e)(1) of such Code is
6	amended by adding at the end the following: "The deduc-
7	tion otherwise allowable under subsection (a) (prior to the
8	application of subsection (b)) to the taxpayer for any tax-
9	able year shall be reduced (but not below zero) by so much
10	of the distributions treated as a qualified higher education
11	expense under section 529(c)(8) with respect to loans of
12	the taxpayer as would be includible in gross income under
13	section 529(c)(3)(A) for such taxable year but for such

15 (c) EFFECTIVE DATE.—The amendments made by 16 this section shall apply to distributions made after the 17 date of the enactment of this Act.

 \bigcirc

14 treatment.".