

116TH CONGRESS
1ST SESSION

S. 1425

To amend the Internal Revenue Code of 1986 to expand the deduction for interest on education loans, to extend and expand the deduction for qualified tuition and related expenses, and eliminate the limitation on contributions to Coverdell education savings accounts.

IN THE SENATE OF THE UNITED STATES

MAY 13, 2019

Mr. PAUL introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to expand the deduction for interest on education loans, to extend and expand the deduction for qualified tuition and related expenses, and eliminate the limitation on contributions to Coverdell education savings accounts.

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. EXPANSION OF DEDUCTION FOR INTEREST ON**
4 **EDUCATION LOANS.**

5 (a) ELIMINATION OF CAP ON DEDUCTION.—Section
6 221 of the Internal Revenue Code of 1986 is amended by
7 striking subsections (b) and (f).

1 (b) CARRYOVER OF EXCESS INTEREST.—Section 221
 2 of the Internal Revenue Code of 1986, as amended by sub-
 3 section (a), is amended by inserting after subsection (a)
 4 the following new subsection:

5 “(b) CARRYOVER.—If the amount of the deduction
 6 allowable under subsection (a) exceeds the taxable income
 7 of the taxpayer for the taxable year (determined without
 8 regard to this section and section 222), then an amount
 9 equal to such excess shall be treated as interest paid by
 10 the taxpayer in the succeeding taxable year on a qualified
 11 education loan.”.

12 (c) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply to taxable years beginning after
 14 the date of the enactment of this Act.

15 **SEC. 2. EXPANSION OF DEDUCTION FOR QUALIFIED TUI-**
 16 **TION AND RELATED EXPENSES.**

17 (a) ELIMINATION OF DOLLAR LIMITATION; CARRY-
 18 OVER OF EXCESS EXPENSES.—

19 (1) IN GENERAL.—Subsection (b) of section
 20 222 of the Internal Revenue Code of 1986 is amend-
 21 ed to read as follows:

22 “(b) CARRYOVER.—If the amount of the deduction
 23 allowable under subsection (a) exceeds the taxable income
 24 of the taxpayer for the taxable year (determined without
 25 regard to this section), then an amount equal to such ex-

cess shall be treated as qualified tuition and related expenses paid by the taxpayer in the succeeding taxable year.”.

(2) CONFORMING AMENDMENT.—Paragraph (3) of section 222(d) of such Code is amended by striking “DEDUCTION.—” and inserting “DEDUCTION.— Except as provided in subsection (b)—”.

(b) PERMANENT EXTENSION.—Section 222 of the Internal Revenue Code of 1986 is amended by striking subsection (e).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

SEC. 3. EXPANSION OF RULES FOR COVERDELL EDUCATION SAVINGS ACCOUNTS.

(a) ELIMINATION OF CONTRIBUTION LIMITATION.—

(1) IN GENERAL.—Section 530(b)(1)(A) of the Internal Revenue Code of 1986 is amended by inserting “or” at the end of clause (i), by striking “, or” at the end of clause (ii) and inserting a period, and by striking clause (iii).

(2) CONFORMING AMENDMENT.—Section 530 of such Code is amended by striking subsection (c).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in taxable

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1 years beginning after the date of the enactment of this
2 Act.

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