

115TH CONGRESS  
2D SESSION

# H. R. 6767

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

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IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 10, 2018

Mr. PAULSEN introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

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

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. QUALIFIED EDUCATION LOAN REPAYMENTS**

4 **ALLOWED FROM SECTION 529 PLANS.**

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

8 “(8) TREATMENT OF QUALIFIED EDUCATION  
9 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  
14 treatment.”.

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.

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