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(Original Signature of Member)

117TH CONGRESS
1st SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to enhance the tax credit for education loan payments, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M____. _____ introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to allow a tax credit for education loan payments, and for other purposes.

Student Tax OPTION (“STOP”) Act of 2021; an Act to create a new middle class and support economic recovery.

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. TAX CREDITS FOR EDUCATION LOAN PAY-**
4 **MENTS.**

5 Section 221 of the Internal Revenue Code of 1986
6 is amended to read as follows:

1 “SEC. 221. TAX CREDITS FOR EDUCATION LOAN PAYMENTS.

2 “(a) ALLOWANCE OF TAX CREDIT.—In the case of
3 an individual, there shall be allowed as a nonrefundable
4 tax credit for the taxable year effective January 1, 2016,
5 an amount equal to the principal, interest, late fees and
6 any penalties paid by the taxpayer during the taxable year
7 on any qualified education loan.

8 “(b) MAXIMUM AMOUNT AND LIMITATION ON TAX
9 CREDITS.—

10 “(1) IN GENERAL.—In general the amount al-
11 lowable as a tax credit shall not exceed the total
12 amount paid by the taxpayer on any qualified edu-
13 cation loans during the past 5 years.

14 “(2) CARRY FORWARD.—If the taxpayer cannot
15 claim the full amount of the tax credit in the taxable
16 year, the unused amount may be carried forward for
17 up to 10 years by the taxpayer.

18 “(3) EDUCATIONAL ASSISTANCE PAYMENTS
19 NOT ALLOWED.—Educational assistance payments
20 to an employee under Sec. 127(a) are not allowable
21 tax credits for the employee or the employer.

22 “(c) DEFINITIONS.—For purposes of this section—

23 “(1) QUALIFIED EDUCATION LOAN.—The term
24 ‘qualified education loan’ means any indebtedness
25 incurred by the taxpayer solely to pay qualified high-
26 er education expenses—

1 “(A) which are incurred on behalf of the
2 taxpayer, the taxpayer’s spouse, or any depend-
3 ent, child or grandchild of the taxpayer as of
4 the time the indebtedness was incurred, and

5 “(B) which are attributable to education
6 furnished during a period during which the re-
7 cipient was an eligible student.

8 Such term includes indebtedness used to refinance
9 indebtedness which qualifies as a qualified education
10 loan. Such term shall not include any indebtedness
11 owed to a person who is related (within the meaning
12 of section 267(b) or 707(b)(1)) to the taxpayer or to
13 any person by reason of a loan under any qualified
14 employer plan (as defined in section 72(p)(4)) or
15 under any contract referred to in section 72(p)(5).

16 “(2) QUALIFIED HIGHER EDUCATION EX-
17 PENSES.—The term ‘qualified higher education ex-
18 penses’ means the cost of attendance (as defined in
19 section 472 of the Higher Education Act of 1965,
20 20 U.S.C. 1087ll, as in effect on the day before the
21 date of the enactment of the Taxpayer Relief Act of
22 1997) at an eligible educational institution, reduced
23 by the sum of—

1 “(A) the amount excluded from gross in-
2 come under section 127, 135, 529, or 530 by
3 reason of such expenses, plus

4 “(B) the amount of any scholarship, allow-
5 ance, or payment described in section
6 25A(g)(2).

7 For purposes of the preceding sentence, the term ‘el-
8 igible educational institution’ has the same meaning
9 given such term by section 25A(f)(2), except that
10 such term shall also include an institution con-
11 ducting an internship or residency program leading
12 to a degree or certificate awarded by an institution
13 of higher education, a hospital, or a health care fa-
14 cility which offers postgraduate training.

15 “(3) ELIGIBLE STUDENT.—The term ‘eligible
16 student’ has the meaning given such term in section
17 25A(b)(3).

18 “(4) DEPENDENT.—The term ‘dependent’ has
19 the meaning given such term in section 152 (deter-
20 mined without regard to subsections (b)(1), (b)(2),
21 and (d)(1)(B) thereof).

22 “(d) SPECIAL RULES.—

23 “(1) DENIAL OF DOUBLE BENEFIT.—No tax
24 credit shall be allowed under this section for any

1 amount for which a deduction or credit is taken
2 under any other provision of this chapter.

3 “(2) MARITAL STATUS.—Marital status shall be
4 determined in accordance with section 7703.

5 “(3) SOCIAL SECURITY INCOME – Social Security
6 payments to individual student loan debtors shall not be
7 garnished to collect student loans.”