

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2543

To amend the Internal Revenue Code of 1986 to allow a deduction for tuition and fees for undergraduate and postsecondary vocational education.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 26, 1995

Mr. CHRYSLER 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 a deduction for tuition and fees for undergraduate and postsecondary vocational education.

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 “Tuition Tax Deduction  
5 Act of 1995”.

6 **SEC. 2. DEDUCTION FOR TUITION AND FEES FOR UNDER-**  
7 **GRADUATE AND POSTSECONDARY VOCA-**  
8 **TIONAL EDUCATION.**

9 (a) IN GENERAL.—Part VII of subchapter B of chap-  
10 ter 1 of the Internal Revenue Code of 1986 (relating to

1 additional itemized deductions for individuals) is amended  
2 by redesignating section 220 as section 221 and by insert-  
3 ing after section 219 the following new section:

4 **“SEC. 220. TUITION AND FEES FOR UNDERGRADUATE AND**  
5 **POSTSECONDARY VOCATIONAL EDUCATION.**

6 “(a) GENERAL RULE.—In the case of an individual,  
7 there shall be allowed as a deduction an amount equal to  
8 the qualified educational expenses paid during the taxable  
9 year to one or more eligible educational institutions for  
10 himself, his spouse, or any of his dependents (as defined  
11 in section 152).

12 “(b) LIMITATION.—The aggregate payments during  
13 the taxable year for the qualified educational expenses of  
14 an individual which may be taken into account under sub-  
15 section (a) shall not exceed \$5,000.

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

17 “(1) QUALIFIED EDUCATIONAL EXPENSES.—

18 The term ‘qualified educational expenses’ means  
19 amounts paid for tuition and fees required for the  
20 enrollment or attendance of a student at an eligible  
21 educational institution. In the event an amount paid  
22 for tuition or fees includes an amount for meals,  
23 lodging, or similar expenses which is not separately  
24 stated, the portion of such amount which is attrib-  
25 utable to meals, lodging, or similar expenses shall be

1 determined under regulations prescribed by the Sec-  
2 retary.

3 “(2) ELIGIBLE EDUCATIONAL INSTITUTION.—

4 “(A) IN GENERAL.—Except as provided in  
5 subparagraph (B), the term ‘eligible educational  
6 institution’ has the meaning given to such term  
7 by section 135(c)(3).

8 “(B) INSTITUTIONS WITH EXCESSIVE TUI-  
9 TION INCREASES NOT ELIGIBLE INSTITU-  
10 TIONS.—An institution shall not be treated as  
11 an eligible educational institution with respect  
12 to any academic year unless such institution  
13 certifies to the Secretary (before the most re-  
14 cent July 1 preceding such academic year) that  
15 the percentage increase in tuition for such aca-  
16 demic year will not exceed the applicable per-  
17 centage increase in the cost-of-living.

18 “(C) DEFINITIONS.—For purposes of sub-  
19 paragraph (B)—

20 “(i) PERCENTAGE INCREASE IN TUI-  
21 TION.—The percentage increase in tuition  
22 for an academic year is the percentage (if  
23 any) by which the tuition and fees required  
24 for the enrollment or attendance of a stu-  
25 dent at such institution for such academic

1 year exceed such tuition and fees for the  
2 preceding academic year.

3 “(ii) APPLICABLE PERCENTAGE IN-  
4 CREASE IN COST-OF-LIVING.—The applica-  
5 ble percentage increase in the cost-of-living  
6 with respect to any academic year is the  
7 percentage (if any) by which the CPI for  
8 the last calendar year ending before the  
9 beginning of such academic year exceeds  
10 the CPI for the calendar year preceding  
11 such calendar year.

12 “(iii) CPI FOR CALENDAR YEAR.—  
13 The CPI for any calendar year is the aver-  
14 age of the Consumer Price Index (as de-  
15 fined in section 1(f)(5)) as of the close of  
16 such calendar year.

17 “(d) SPECIAL RULES.—

18 “(1) ADJUSTMENT FOR CERTAIN SCHOLAR-  
19 SHIPS AND VETERANS BENEFITS.—The amounts  
20 otherwise taken into account under subsection (a) as  
21 qualified educational expenses of any individual dur-  
22 ing any period shall be reduced (before the applica-  
23 tion of subsection (b)) by any amounts received by  
24 such individual during such period as—

1           “(A) a qualified scholarship (within the  
2           meaning of section 117(b)) which under section  
3           117 is not includible in gross income, or

4           “(B) an educational assistance allowance  
5           under chapters 32, 34, or 35 of title 38 of the  
6           United States Code.

7           “(2) ELIGIBLE COURSES.—Amounts paid for  
8           qualified educational expenses of any individual shall  
9           be taken into account under subsection (a) only to  
10          the extent such expenses—

11           “(A) are attributable to courses of instruc-  
12          tion for which credit is allowed toward a recog-  
13          nized degree by an institution of higher edu-  
14          cation or toward a certificate of required course  
15          work at a vocational school, and

16           “(B) are not attributable to any graduate  
17          program of such individual.

18           “(3) INDIVIDUAL MUST BE AT LEAST HALF-  
19          TIME STUDENT.—No deduction shall be allowed  
20          under subsection (a) for amounts paid during the  
21          taxable year for qualified educational expenses with  
22          respect to any individual unless that individual, dur-  
23          ing any 4 calendar months during the calendar year  
24          in which the taxable year of the taxpayer begins, is  
25          carrying at least one-half the normal full-time work

1 load for the course of study the student is pursuing,  
2 as determined by the eligible education institution.

3 “(4) TAXPAYER WHO IS DEPENDENT OF AN-  
4 OTHER TAXPAYER.—No deduction shall be allowed  
5 to a taxpayer under subsection (a) for amount paid  
6 for the education of such taxpayer if such taxpayer  
7 is a dependent of another person for a taxable year  
8 beginning in the calendar year in which the taxable  
9 year of the taxpayer begins.

10 “(5) SPOUSE.—No deduction shall be allowed  
11 under subsection (a) for amounts paid during the  
12 taxable year for qualified educational expenses for  
13 the spouse of the taxpayer unless—

14 “(A) the taxpayer is entitled to an exemp-  
15 tion for his spouse under section 151(b) for the  
16 taxable year, or

17 “(B) the taxpayer files a joint return with  
18 his spouse for the taxable year.

19 “(e) COORDINATION WITH OTHER PROVISIONS.—  
20 This section shall not apply to any amount which is allow-  
21 able as a deduction under this chapter without regard to  
22 this section.

23 “(f) REGULATIONS.—The Secretary shall prescribe  
24 such regulations as may be necessary or appropriate to  
25 carry out the provisions of this section.”

1 (b) DEDUCTION ALLOWED WHETHER OR NOT TAX-  
2 PAYER ITEMIZES OTHER DEDUCTIONS.—Subsection (a)  
3 of section 62 of such Code is amended by inserting after  
4 paragraph (15) the following new paragraph:

5 “(16) TUITION AND RELATED EXPENSES.—The  
6 deduction allowed by section 220.”

7 (c) CLERICAL AMENDMENT.—The table of sections  
8 for part VII of subchapter B of chapter 1 of such Code  
9 is amended by striking the last item and inserting the fol-  
10 lowing new items:

“Sec. 220. Tuition and fees for undergraduate and postsecondary  
vocational education.

“Sec. 221. Cross reference.”

11 (d) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to amounts paid after December  
13 31, 1995, with respect to education furnished after such  
14 date.

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