

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-

1 cess shall be treated as qualified tuition and related ex-
 2 penses paid by the taxpayer in the succeeding taxable
 3 year.”.

4 (2) CONFORMING AMENDMENT.—Paragraph (3)
 5 of section 222(d) of such Code is amended by strik-
 6 ing “DEDUCTION.—” and inserting “DEDUCTION.—
 7 Except as provided in subsection (b)—”.

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

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

14 **SEC. 3. EXPANSION OF RULES FOR COVERDELL EDU-**
 15 **CATION SAVINGS ACCOUNTS.**

16 (a) ELIMINATION OF CONTRIBUTION LIMITATION.—

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

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

24 (b) EFFECTIVE DATE.—The amendments made by
 25 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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