

INTERNAL REVENUE SERVICE

UIL Number: 25A.00-00

Number: **INFO 2000-0010**

Release Date: 6/30/2000

February 29, 2000

The Honorable Julia Carson
U.S. House of Representatives
Washington, D.C. 20515-1410

Attention: Erin Kraabel

Dear Ms. Carson:

This letter responds to your inquiry dated [REDACTED] on behalf of your constituent, [REDACTED]. He asked for information about the education tax credits in section 25A of the Internal Revenue Code (Code) and the student loan interest deduction in section 221.

Education Tax Credits – Section 25A

[REDACTED] noticed that the Hope Scholarship Credit is effective for qualified expenses paid after December 31, 1997, while the Lifetime Learning Credit is effective for qualified expenses paid after June 30, 1998. [REDACTED] asks why the Congress enacted different effective dates for the Hope Scholarship Credit and the Lifetime Learning Credit in section 25A of the Code. Unfortunately, neither section 25A nor its legislative history provides a rationale. See H.R. Conf. Rep. No. 220, 105th Cong., 1st Sess. 345-347 (1997).

Student Loan Interest Deduction – Section 221

[REDACTED] also observed that the deduction for interest paid on qualified education loans is phased-out for single taxpayers with modified adjusted gross income between \$40,000 and \$55,000, but the deduction is phased-out for married taxpayers with modified adjusted gross income between \$60,000 and \$75,000. [REDACTED] asks why the Congress did not enact higher income phase-out limits for married taxpayers in section 221 of the Code. The Senate bill, introducing the student loan interest deduction, proposed higher income phase-out limits for married taxpayers. See S. Rep. No. 33, 105th Cong., 1st Sess. 20-21 (1997). However, those phase-out amounts were lowered in Conference. See H.R. Conf. Rep. No. 220, 105th Cong., 1st Sess. 367-368 (1997). Again, the legislative history does not discuss the rationale.

I have enclosed a copy of Publication 970, Tax Benefits for Higher Education, that describes the education tax credits and the student loan interest deduction in detail. If you need further assistance, please contact Donna Welch on (202) 622-4910.

Sincerely,

David B. Auclair
Acting Branch Chief, Branch 1
(Income Tax and Accounting)

Enclosure