

## Exclusion for Certain Employer Payments of Student Loans

---

March 27, 2020 – As a result of the newly passed CARES Act, there have been some changes made to employer-sponsored educational assistance for employees. This provision would temporarily expand the definition of employer-sponsored educational assistance to include qualified student loan payments made to employees in 2020. Under current law, employers can provide their employees with up to \$5,250 per employee per year in educational assistance—generally for tuition, fees, and related supplies—that is excluded from wages (and hence not subject to income or payroll taxes). Under this provision, qualified student loan payments would be subject to the overall cap of \$5,250 per employee per year.

Payments made by the employer could go to the employee directly or to the lender.

Payments could cover both the principal and interest of the qualified student loan. Qualified student loans would be those eligible for the student loan interest deduction (IRC section 221(d)(1)) that are incurred by the employee for the employee's education. This provision would apply to any student loan payment made by an employer on an employee's behalf after the date of enactment and before January 1, 2021.

**For more information, contact [Ryan Winkler](mailto:Ryan.Winkler@dopkins.com) at [rwinkler@dopkins.com](mailto:rwinkler@dopkins.com).**