

Joint Committee on Taxation
May 19, 1999
JCX-22-99

**DESCRIPTION OF MODIFICATION TO CHAIRMAN'S MARK
OF PROPOSALS RELATING TO EDUCATION INCENTIVES**

The Senate Committee on Finance has scheduled a markup on May 19, 1999, on various education tax incentives in an original bill, entitled the "Affordable Education Act of 1999." A description of the Chairman's Mark is contained in *Description of Chairman's Mark of Proposals Relating to Education Incentives* (JCX-20-99), May 17, 1999.

Under the modification, a taxpayer would be permitted to claim a HOPE or Lifetime Learning credit for a taxable year and receive an exclusion from gross income for amounts distributed (both the principal and earnings portions) from an education individual retirement account and/or from a qualified tuition program on behalf of the same student in the same year as long as the distributions are not used for the same expenses for which a credit was claimed. This modification would be effective for distributions made during the period January 1, 2000, through December 31, 2003.

Under the modification, the exclusion for employer-provided education assistance, as applied to both graduate and undergraduate education, would be extended through courses beginning on or before June 30, 2004.¹

¹ The *Description of Chairman's Mark of Proposals Relating to Education Incentives* (JCX-20-99), May 17, 1999, at p. 11 under the heading "Effective Date," incorrectly states that the Chairman's Mark would extend the exclusion for graduate-level courses to courses beginning after January 1, 2000, and before June 1, 2004. The effective date is correctly stated, at p. 11 under the "Description of Proposal," as graduate-level courses beginning after January 1, 2000, and before January 1, 2004.