

Subject Subtraction for employer student loan payments by critical access dental clinic

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Summary

Under current law, up to \$5,200 of employer payments on an employee's student loans are excluded from the gross income of the employee. To qualify for the exclusion, the payments must be made as an educational assistance plan, which is a written plan of an employer describing employee educational assistance benefits. That exclusion is in federal law and Minnesota has adopted the exclusion for state purposes. Under current law, the federal exclusion for employer student loan payments expires on December 31, 2025.

H.F. 1974 allows an income tax subtraction for student loan educational assistance payments in excess of \$5,200 that are made by a dentist or dental clinic that is designated as a critical access dental facility. The subtraction is limited to amounts in excess of the \$5,200 limit in federal law.

Effective for tax year 2026 and later.