

One Wisconsin Now: Trump tax plan strips student loan borrowers of tax deduction for interest on their loans

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Madison, Wisconsin — The 43 million plus student loan borrowers in the United States look to be in line for another attack from Donald Trump, according to the one page tax “plan” released yesterday. Under Trump’s scheme to slash corporate tax rates and provide a windfall to the wealthiest, including himself and his adult children, the federal tax deduction for interest paid on student loans would be eliminated. The move comes on the heels of the Trump administration seeking to strip borrowers of consumer protection from abuses by loan servicers.

“There are 43 million Americans with over \$1.4 trillion in student loan debt already being subjected to unfair treatment by the system, like prohibiting them from being able to refinance federal student loans, just like you can with a mortgage,” said One Wisconsin Now Program Director Analiese Eicher. “And now Donald Trump wants to make it even worse, taking away a modest tax deduction for the interest on their loans as part of his scheme to deliver a windfall in tax loopholes for big corporations and the wealthiest.”

The scant details of Trump’s tax plan released yesterday includes a proposal to eliminate all itemized deductions except for home mortgage interest and charitable giving, including the current federal tax deduction for interest on student loans.

Other measures would include slashing the corporate tax rate and eliminating

measures designed to keep high income earners from avoiding paying taxes like the estate tax and the alternative minimum tax. Initial analyses of the plan suggest that Trump's scheme would be tilted massively in favor of the wealthiest and big corporations and explode the federal deficit.

Earlier this month, Donald Trump, who settled a class action lawsuit brought by students of his Trump "University" for \$25 million days before his January inauguration, and his administration set out to repeal consumer protections for student loan borrowers. Trump's initiative would allow debt collectors to charge borrowers exorbitant fees on top of their loan payments. In addition, rules requiring companies that service student loans to prioritize helping borrowers and abide by basic consumer service and protection standards in order to win federal contracts are also being repealed.

Eicher concluded, "Instead of working to reform the system to treat them fairly, Donald Trump and his gang seem to be doing everything they can think of to make it worse for student loan borrowers. Forty-three million Americans with student loan debt worked hard to get their education and took on the personal responsibility to pay for it, and they deserve better than this."