

For Immediate Release
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Loyola Law School Associate Dean Succeeds in IRS Campaign to Reduce Student Debt

Los Angeles – In a move that will significantly benefit law school students interested in pursuing public service careers, Loyola Law School Los Angeles Associate Dean Ellen Aprill successfully petitioned the IRS to extend tax-free loan forgiveness on loan repayment assistance programs to the legal profession. Revenue Ruling 2008-34, issued by the IRS on June 20, could dramatically reduce the financial burden of law graduates pursuing public interest law and receiving debt assistance at dozens of law schools.

Loan forgiveness is generally tax income, but a special provision makes forgiveness tax-free for student loans of graduates who serve the public interest. A 2006 Tax Court case, however, limited this special tax-free treatment to the professions of nursing, medicine and teaching. “As a result, the proper tax treatment of law school loan forgiveness programs was uncertain,” said Aprill, John E. Anderson Chair in Tax Law. “The revenue ruling removes the uncertainty.”

“The ruling describes a program in which a law school makes loans to refinance its graduates’ original student loans under a program for alumni who work in a law-related public service position for, or under the direction of, a tax-exempt charitable organization or a government unit,” said Aprill. “Under the terms of the law schools’ loans, the indebtedness will be forgiven if the students work for a certain minimum period of time in a qualifying law-related public service position. The ruling concludes that such loans qualify as student loans that can be forgiven on a tax-free basis under the special provision in the Internal Revenue Code.”

Aprill began lobbying the IRS two years ago for the clarification. Her campaign included meetings with IRS and Treasury staff in Washington, DC. She also organized a letter-writing campaign from law school professors and deans. She received particular assistance in this effort from Professors Matt Barrett of Notre Dame Law School, Joe Bankman of Stanford Law School, George Yin of the University of Virginia School of Law as well as Heather Jarvis of Equal Justice Works.

The extended law school community welcomed the ruling. “I applaud the ruling for following both the “plain meaning” and the legislative intent underlying the 1997 amendments to section 108(f),” said Notre Dame’s Barrett. “The Bar, the Association of American Law Schools and the public should extend special kudos to Ellen Aprill for her superb leadership and tireless efforts on the ruling request.”

Aprill noted that some law schools may need to restructure their loan repayment assistance programs to make or refinance loans directly so as to fall within the terms of the revenue ruling.

About Associate Dean Aprill & Loyola’s Tax Law Program

Associate Dean Ellen Aprill has been on the Loyola Law School faculty for nearly 20 years and founded Loyola’s Tax LLM program. *US News & World Report’s* 2009 edition of “America’s Best Graduate Schools” ranked Loyola 13th in the US for tax law – or seventh in the country among law schools with graduate tax programs, according to the TaxProf Blog.

About Loyola Law School Los Angeles

Located in downtown Los Angeles—a legal, financial and media capital—Loyola Law School is Home to prominent faculty, dedicated students and cutting-edge programs. Committed to legal ethics and the public interest, it has produced top attorneys for nearly a century. Please visit www.lls.edu for more information or contact Brian Costello, deputy director of communications, at 213.736.1444 or brian.costello@lls.edu.

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