DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR

ISAAC W. CHOY
DIRECTOR OF TAXATION

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1577
FAX NO: (808) 587-1584

August 29, 2022

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2022-06

RE: Student Loan Exclusion from Taxable Income

The purpose of this Tax Announcement is to clarify Hawaii's income tax treatment of student loan debt forgiveness regarding the Biden Administration's Student Loan Debt Relief Plan for eligible low- to middle-income borrowers, announced on August 24, 2022.

Internal Revenue Code (IRC) section 108 ("Income from discharge of indebtedness"), with the exception of IRC section 108(i), is operative for Hawaii income tax purposes under Hawaii Revised Statutes (HRS) section 235-2.4(f). IRC section 108 was partially amended in 2021 by the American Rescue Plan Act (ARPA), which allowed the exclusion of qualified student loans cancelled or discharged in 2021 through 2025 from gross income. Forgiven student debt provided by the Student Loan Debt Relief Plan will not be taxed as income for Hawaii income tax purposes.

For more information, please see page 4 of the 2022 Digest of Tax Measures, which can be found on our website at https://tax.hawaii.gov/legal/a4_4digest/. If you have any questions, please contact the Technical Section by calling (808) 587-1577 or by email at tax.technical.section@hawaii.gov.

ISAAC W. CHOY
Director of Taxation

Section Explained: §235-2.4(f), HRS