



Department of Economic and
Community Development

Dear Taxpayer:

As you may be aware, the United States Supreme Court recently overturned President Biden's student loan forgiveness plan, a decision that impacts 200,000 Connecticut residents who were eligible for loan forgiveness under the federal plan.

Considering this development, we, on behalf of Governor Ned Lamont, are writing to you today about a Connecticut law that could be beneficial to you and your employees: the [Employer Student Loan Repayment Tax Credit](#).

The tax credit is available for Connecticut employers who pay down certain education loans on behalf of their employees. The Connecticut Higher Education Supplemental Loan Authority (CHESLA) and the Rhode Island Student Loan Authority (RISLA), both nonprofit state authorities that help students and families finance the cost of higher education, have partnered to assist Connecticut employers in taking advantage of this tax credit.

How does the tax credit work?

- Employers who make student loan payments on a CHESLA loan on behalf of certain of their employees can claim a tax credit worth up to \$2,625 per employee.
- The credit is refundable for businesses with less than \$5 million in gross receipts in a certain year.
- Qualified Employees must, among other requirements, live in Connecticut, be full time employees and have received their bachelor's degree in the last five years.
- A recorded [webinar](#), "Employer Student Loan Repayment Tax Credit. What You Need to Know," provides an in-depth overview of how the credit works and will answer many questions you may have.

Additional information:

- Employees with non-CHESLA loans can refinance them with CHESLA so that the employer can take advantage of the tax credit, and the employee can take advantage of CHESLA's low fixed interest rates.
- Employers decide their contribution amount for their employees and payment frequency.
- The only cost to the employer is the paydown amount and a \$4 fee per transaction. RISLA makes the payments directly to the loan servicers.

How can a business take advantage of this tax credit?

- You can find more information from CHESLA [here](#).
- You can find out more about the tax credit and obtain the forms required to claim such a credit by visiting the dedicated landing page on the Connecticut Department of Revenue Services' website [here](#).

This credit is more important than ever given the United States Supreme Court's ruling last week. We encourage you to take a few moments to learn about the tax credit and how it might benefit your company and employees.

Sincerely,

Mark Boughton
Commissioner
Department of Revenue Services

Alexandra Daum
Commissioner
Department of Economic and Community Development