

103^D CONGRESS
1ST SESSION

H. R. 404

To repeal the provisions in the Internal Revenue Code of 1986 relating to the inclusion of Social Security and certain railroad retirement benefits in gross income to the extent such provisions do not apply to nonresident aliens.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1993

Mr. SOLOMON introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To repeal the provisions in the Internal Revenue Code of 1986 relating to the inclusion of Social Security and certain railroad retirement benefits in gross income to the extent such provisions do not apply to nonresident aliens.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. REPEAL OF PROVISION WHICH INCLUDES ONE-**
4 **HALF OF SOCIAL SECURITY AND RAILROAD**
5 **RETIREMENT BENEFITS IN GROSS INCOME.**

6 (a) REPEAL OF PROVISION INCLUDING BENEFITS IN
7 GROSS INCOME.—Section 86 of the Internal Revenue

1 Code of 1986 (relating to inclusion of social security and
2 tier 1 railroad retirement benefits in gross income) is here-
3 by repealed.

4 (b) REPEAL OF RETURN REQUIREMENT.—Section
5 6050F of such Code (relating to returns relating to Social
6 Security benefits) is hereby repealed.

7 (c) TECHNICAL AND CONFORMING AMENDMENTS.—

8 (1) Paragraph (3) of section 72(r) of such Code
9 is amended to read as follows:

10 “(3) TIER 1 RAILROAD RETIREMENT BENE-
11 FIT.—For purposes of paragraph (1), the term ‘tier
12 1 railroad retirement benefit’ means a monthly bene-
13 fit under section 3(a), 3(f)(3), 4(a), or 4(f) of the
14 Railroad Retirement Act of 1974.”

15 (2) Paragraph (1) of section 6050G(a) of such
16 Code is amended by striking out “86(d)(4)” and in-
17 serting in lieu thereof “72(r)(3)”.

18 (3) The table of sections for part II of sub-
19 chapter B of chapter 1 of such Code is amended by
20 striking out the item relating to section 86.

21 (4) The table of sections for subpart B of part
22 III of subchapter A of chapter 61 of such Code is
23 amended by striking out the item relating to section
24 6050F.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to benefits received after December
3 31, 1989, in taxable years beginning after such date.

4 **SEC. 2. TAXATION OF ONE-HALF OF SOCIAL SECURITY BEN-**
5 **EFITS PAID TO NONRESIDENT ALIENS CON-**
6 **TINUED.**

7 (a) IN GENERAL.—Section 871 of the Internal Reve-
8 nue Code of 1986 (relating to tax on nonresident alien
9 individuals) is amended by redesignating subsection (j) as
10 subsection (k) and by inserting after subsection (i) the fol-
11 lowing new subsection:

12 “(j) SOCIAL SECURITY BENEFIT DEFINED.—

13 “(1) IN GENERAL.—For purposes of this sec-
14 tion, the term ‘social security benefit’ means any
15 amount received by the taxpayer by reason of enti-
16 tlement to—

17 “(A) a monthly benefit under title II of the
18 Social Security Act, or

19 “(B) a tier 1 railroad retirement benefit.

20 For purposes of the preceding sentence, the amount
21 received by any taxpayer shall be determined as if
22 the Social Security Act did not contain section
23 203(i) thereof.

24 “(2) ADJUSTMENT FOR REPAYMENTS DURING
25 YEAR.—For purposes of this section, the amount of

1 Social Security benefits received during any taxable
2 year shall be reduced by any repayment made by the
3 taxpayer during the taxable year of a Social Security
4 benefit previously received by the taxpayer (whether
5 or not such benefit was received during the taxable
6 year).

7 “(3) WORKMEN’S COMPENSATION BENEFITS
8 SUBSTITUTED FOR SOCIAL SECURITY BENEFITS.—
9 For purposes of this section, if, by reason of section
10 224 of the Social Security Act (or by reason of sec-
11 tion 3(a)(1) of the Railroad Retirement Act of
12 1974), any Social Security benefit is reduced by rea-
13 son of the receipt of a benefit under a workman’s
14 compensation act, the term ‘Social Security benefit’
15 includes that portion of such benefit received under
16 the workman’s compensation act which equals such
17 reduction.

18 “(4) TIER 1 RAILROAD RETIREMENT BENE-
19 FIT.—For purposes of paragraph (1), the term ‘tier
20 1 railroad retirement benefit’ has the meaning given
21 to such term by section 72(r)(3).”

22 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

23 (1) Paragraph (8) of section 861(a) of such
24 Code is amended by striking out “86(d)” and insert-
25 ing in lieu thereof “871(j)”.

1 (2) Paragraph (3) of subsection (a) of such sec-
2 tion 871 is amended to read as follows:

3 “(3) TAXATION OF SOCIAL SECURITY BENE-
4 FITS.—For purposes of this section and section
5 1441, one-half of any Social Security benefit shall be
6 included in gross income (notwithstanding section
7 207 of the Social Security Act).”

8 (3) Paragraph (6) of section 6103(h) of such
9 Code is amended by striking out “86(d)” and insert-
10 ing in lieu thereof “871(j)”.

11 (4) Subsection (e) of section 121 of the Social
12 Security Amendments of 1983 is amended—

13 (A) in paragraph (1) by striking out “sec-
14 tions 86 and” and inserting in lieu thereof “sec-
15 tion”, and

16 (B) in paragraph (3)(B) by striking out
17 “86(d)(1)” and inserting in lieu thereof
18 “871(j)(1)”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to benefits received during the first
21 taxable year after enactment of this Act.

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