

107TH CONGRESS
1ST SESSION

H. R. 351

To amend the Internal Revenue Code of 1986 to extend to civilian employees of the Department of Defense serving in combat zones the tax treatment allowed to members of the Armed Forces serving in combat zones.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 31, 2001

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

A BILL

To amend the Internal Revenue Code of 1986 to extend to civilian employees of the Department of Defense serving in combat zones the tax treatment allowed to members of the Armed Forces serving in combat zones.

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. TAX TREATMENT OF CIVILIAN EMPLOYEES OF**
4 **DEPARTMENT OF DEFENSE IN COMBAT**
5 **ZONES.**

6 (a) EXCLUSION OF COMBAT ZONE COMPENSA-
7 TION.—

1 (1) IN GENERAL.—Subsection (d) of section
2 112 of the Internal Revenue Code of 1986 (relating
3 to prisoners of war, etc.) is amended by adding at
4 the end the following new paragraph:

5 “(4) CIVILIAN EMPLOYEES OF DEPARTMENT OF
6 DEFENSE.—

7 “(A) SERVICE IN COMBAT ZONE.—Gross
8 income does not include so much of the com-
9 pensation as does not exceed the maximum en-
10 listed amount received for active service as a ci-
11 vilian employee of the Department of Defense
12 serving in support of the Armed Forces of the
13 United States for any month during any part of
14 which such employee—

15 “(i) served in a combat zone,

16 “(ii) was hospitalized as a result of
17 wounds, disease, or injury incurred while
18 serving in a combat zone; but this para-
19 graph shall not apply for any month begin-
20 ning more than 2 years after the date of
21 the termination of combatant activities in
22 such zone, or

23 “(iii) is in a missing status as a result
24 of such service.

1 “(B) MISSING STATUS.—For purposes of
2 this paragraph, the terms ‘active service’ and
3 ‘missing status’ have the respective meanings
4 given to such terms by section 5561 of title 5
5 of the United States Code.”.

6 (2) CLERICAL AMENDMENTS.—

7 (A) The heading for section 112 of such
8 Code is amended to read as follows:

9 **SEC. “112. CERTAIN COMBAT ZONE COMPENSATION.”.**

10 (B) The item relating to section 112 in the
11 table of sections for part III of subchapter B of
12 chapter 1 of such Code is amended to read as
13 follows:

 “Sec. 112. Certain combat zone compensation.”.

14 (3) EFFECTIVE DATE.—The amendments made
15 by this subsection shall apply to taxable years begin-
16 ning after December 31, 2000.

17 (b) ADDITIONAL ESTATE TAX NOT TO APPLY.—

18 (1) IN GENERAL.—Section 2201 of such Code
19 is amended by inserting “or, as a civilian employee
20 of the Department of Defense serving in support of
21 the Armed Forces of the United States,”.

22 (2) CLERICAL AMENDMENTS.—

23 (A) The heading for section 2201 of such
24 Code is amended by inserting “**AND DE-**
25 **PARTMENT OF DEFENSE CIVIL-**

1 **IANS**” after “**MEMBERS OF THE**
2 **ARMED FORCES**”.

3 (B) The item relating to section 2201 in
4 the table of sections for subchapter C of chap-
5 ter 11 of such Code is amended to read as fol-
6 lows:

“Sec. 2201. Members of the Armed Forces and Department of
Defense civilians dying in combat zone or by reason
of combat-zone-incurred wounds, etc.”.

7 (3) **EFFECTIVE DATE.**—The amendments made
8 by this section shall apply to decedents dying after
9 December 31, 2000.

10 (c) **NO TAX ON TOLL TELEPHONE SERVICE IN COM-**
11 **BAT ZONE.**—

12 (1) **IN GENERAL.**—Subsection (d) of section
13 4253 of such Code (relating to servicemen in combat
14 zone) is amended by inserting “or, a civilian em-
15 ployee of the Department of Defense,”.

16 (2) **EFFECTIVE DATE.**—The amendment made
17 by this subsection shall apply with respect to
18 amounts paid after the date of the enactment of this
19 Act for services rendered on or after such date.

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