

108TH CONGRESS
1ST SESSION

H. R. 2064

To amend the Internal Revenue Code of 1986 to exclude certain severance payments from gross income for employees who are laid off.

IN THE HOUSE OF REPRESENTATIVES

MAY 9, 2003

Mr. SMITH of New Jersey (for himself, Mr. RENZI, and Mr. GARRETT of New Jersey) 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 exclude certain severance payments from gross income for employees who are laid off.

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. SHORT TITLE.**

4 This Act may be cited as the “Displaced Worker As-
5 sistance Act of 2003”.

6 **SEC. 2. EXCLUSION FROM INCOME OF SEVERANCE PAY-**
7 **MENT AMOUNTS.**

8 (a) IN GENERAL.—Part III of subchapter B of chap-
9 ter 1 of the Internal Revenue Code of 1986 (relating to

1 items specifically excluded from gross income) is amended
2 by inserting after section 139 the following new section:

3 **“SEC. 139A. SEVERANCE PAYMENTS.**

4 “(a) IN GENERAL.—In the case of an individual,
5 gross income shall not include any qualified severance pay-
6 ment.

7 “(b) LIMITATIONS.—

8 “(1) AMOUNT.—The amount to which the ex-
9 clusion under subsection (a) applies shall not ex-
10 ceed—

11 “(A) \$15,000, with respect to any separa-
12 tion from employment, reduced by

13 “(B) the aggregate amount excluded from
14 gross income under subsection (a) in prior tax-
15 able years.

16 “(2) YEARS TO WHICH EXCLUSION APPLIES.—

17 No qualified severance payment shall be excluded
18 from gross income under subsection (a) unless such
19 payment is received in the taxable year in which sep-
20 aration from employment occurs or in one of the two
21 succeeding taxable years.

22 “(c) QUALIFIED SEVERANCE PAYMENT.—For pur-
23 poses of this section, the term ‘qualified severance pay-
24 ment’ means any payment received by an individual if—

1 “(1) such payment was paid by such individ-
2 ual’s employer on account of such individual’s sepa-
3 ration from employment, and

4 “(2) such individual received a written notice
5 from such employer indicating that such payment is
6 a severance payment.”.

7 (b) CLERICAL AMENDMENT.—The table of sections
8 for part III of subchapter B of chapter 1 of such Code
9 is amended by inserting after the item relating to section
10 139 the following new item:

 “Sec. 139A. Severance payments.”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 2002.

○