

Public Law 109–227  
109th Congress

An Act

To amend the Internal Revenue Code of 1986 to allow members of the Armed Forces serving in a combat zone to make contributions to their individual retirement plans even if the compensation on which such contribution is based is excluded from gross income, and for other purposes.

May 29, 2006  
[H.R. 1499]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Heroes Earned Retirement Opportunities Act”.

Heroes Earned  
Retirement  
Opportunities  
Act.  
26 USC 1 note.

**SEC. 2. COMBAT ZONE COMPENSATION TAKEN INTO ACCOUNT FOR PURPOSES OF DETERMINING LIMITATION AND DEDUCTIBILITY OF CONTRIBUTIONS TO INDIVIDUAL RETIREMENT PLANS.**

(a) **IN GENERAL.**—Subsection (f) of section 219 of the Internal Revenue Code of 1986 is amended by redesignating paragraph (7) as paragraph (8) and by inserting after paragraph (6) the following new paragraph:

26 USC 219.

“(7) **SPECIAL RULE FOR COMPENSATION EARNED BY MEMBERS OF THE ARMED FORCES FOR SERVICE IN A COMBAT ZONE.**—For purposes of subsections (b)(1)(B) and (c), the amount of compensation includible in an individual’s gross income shall be determined without regard to section 112.”

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

26 USC 219 note.

(c) **CONTRIBUTIONS FOR TAXABLE YEARS ENDING BEFORE ENACTMENT.**—

26 USC 219 note.

(1) **IN GENERAL.**—In the case of any taxpayer with respect to whom compensation was excluded from gross income under section 112 of the Internal Revenue Code of 1986 for any taxable year beginning after December 31, 2003, and ending before the date of the enactment of this Act, any contribution to an individual retirement plan made on account of such taxable year and not later than the last day of the 3-year period beginning on the date of the enactment of this Act shall be treated, for purposes of such Code, as having been made on the last day of such taxable year.

(2) **WAIVER OF LIMITATIONS.**—

(A) **CREDIT OR REFUND.**—If the credit or refund of any overpayment of tax resulting from a contribution to which paragraph (1) applies is prevented at any time by the operation of any law or rule of law (including res judicata), such credit or refund may nevertheless be allowed

or made if the claim therefor is filed before the close of the 1-year period beginning on the date that such contribution is made (determined without regard to paragraph (1)).

(B) ASSESSMENT OF DEFICIENCY.—The period for assessing a deficiency attributable to a contribution to which paragraph (1) applies shall not expire before the close of the 3-year period beginning on the date that such contribution is made. Such deficiency may be assessed before the expiration of such 3-year period notwithstanding the provisions of any other law or rule of law which would otherwise prevent such assessment.

(3) INDIVIDUAL RETIREMENT PLAN DEFINED.—For purposes of this subsection, the term “individual retirement plan” has the meaning given such term by section 7701(a)(37) of such Code.

Approved May 29, 2006.

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LEGISLATIVE HISTORY—H.R. 1499:

CONGRESSIONAL RECORD:

Vol. 151 (2005): May 23, considered and passed House.

Nov. 15, considered and passed Senate, amended.

Vol. 152 (2006): May 9, House concurred in Senate amendment with an amendment pursuant to H. Res. 803.

May 18, Senate concurred in House amendment.