

107TH CONGRESS
2D SESSION

H. R. 3973

To amend the Internal Revenue Code of 1986 to restore the tax exempt status of death gratuity payments to members of the uniformed services.

IN THE HOUSE OF REPRESENTATIVES

MARCH 14, 2002

Mr. JONES of North Carolina (for himself and Mr. GUTKNECHT) 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 restore the tax exempt status of death gratuity payments to members of the uniformed services.

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. RESTORATION OF FULL EXCLUSION FROM**
4 **GROSS INCOME OF DEATH GRATUITY PAY-**
5 **MENT.**

6 (a) IN GENERAL.—Subsection (b)(3) of section 134
7 of the Internal Revenue Code of 1986 (relating to certain
8 military benefits) is amended by adding at the end the
9 following new subparagraph:

1 “(C) EXCEPTION FOR DEATH GRATUITY
2 ADJUSTMENTS MADE BY LAW.—Subparagraph
3 (A) shall not apply to any adjustment to the
4 amount of death gratuity payable under chapter
5 75 of title 10, United States Code, which is
6 pursuant to a provision of law enacted after De-
7 cember 31, 1990.”.

8 (b) CONFORMING AMENDMENT.—Subparagraph (A)
9 of section 134(b)(3) of such Code is amended by striking
10 “subparagraph (B)” and inserting “subparagraphs (B)
11 and (C)”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to amounts paid after the date of
14 the enactment of this Act.

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