

107TH CONGRESS
2D SESSION

H. R. 4974

To amend the Internal Revenue Code of 1986 to exclude from income taxation all compensation received for active service as a member of the Armed Forces of the United States.

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 2002

Mr. CULBERSON 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 from income taxation all compensation received for active service as a member of the Armed Forces of the United States.

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. EXCLUSION FOR COMPENSATION RECEIVED**
4 **FOR ACTIVE SERVICE AS A MEMBER OF THE**
5 **ARMED FORCES OF THE UNITED STATES.**

6 (a) IN GENERAL.—Part III of subchapter B of chap-
7 ter 1 of the Internal Revenue Code of 1986 is amended
8 by inserting after section 112 the following new section:

1 **“SEC. 113. COMPENSATION RECEIVED FOR ACTIVE SERV-**
 2 **ICE AS A MEMBER OF THE ARMED FORCES.**

3 “Gross income shall not include compensation re-
 4 ceived for active service as a member of the Armed Forces
 5 of the United States. The preceding sentence shall not
 6 apply to pensions and retirement pay.”

7 (b) **TERMINATION OF LIMITED EXCLUSION FOR**
 8 **COMBAT PAY.**—Section 112 of such Code (relating to cer-
 9 tain combat zone compensation of members of Armed
 10 Forces) is amended by adding at the end the following
 11 new subsection:

12 “(e) **TERMINATION.**—Except for purposes of apply-
 13 ing subtitle C, this section shall not apply to any taxable
 14 year ending after the date of the enactment of this sub-
 15 section.”

16 (c) **CLERICAL AMENDMENT.**—The table of sections
 17 for part III of subchapter B of chapter 1 of such Code
 18 is amended by inserting after the item relating to section
 19 112 the following new item:

“Sec. 113. Compensation received for active service as a member
 of the Armed Forces.”

20 (d) **EFFECTIVE DATE.**—The amendments made by
 21 this section shall apply to taxable years ending after the
 22 date of the enactment of this Act.

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