

107TH CONGRESS
1ST SESSION

S. 1332

To amend the Internal Revenue Code of 1986 to exclude certain severance payment amounts from income.

IN THE SENATE OF THE UNITED STATES

AUGUST 2, 2001

Mr. TORRICELLI introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to exclude certain severance payment amounts from income.

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 FROM INCOME OF SEVERANCE**

4 **PAYMENT AMOUNTS.**

5 (a) IN GENERAL.—Part III of subchapter B of chap-
6 ter 1 of the Internal Revenue Code of 1986 (relating to
7 items specifically excluded from gross income) is amended
8 by redesignating section 139 as section 140 and by insert-
9 ing after section 138 the following:

1 **“SEC. 139. SEVERANCE PAYMENTS.**

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

5 “(b) LIMITATION.—The amount to which the exclu-
6 sion under subsection (a) applies shall not exceed \$5,000
7 with respect to any separation from employment.

8 “(c) QUALIFIED SEVERANCE PAYMENT.—For pur-
9 poses of this section—

10 “(1) IN GENERAL.—The term ‘qualified sever-
11 ance payment’ means any payment received by an
12 individual if—

13 “(A) such payment was paid by such indi-
14 vidual’s employer on account of such individ-
15 ual’s separation from employment,

16 “(B) such separation was in connection
17 with a reduction in the work force of the em-
18 ployer, and

19 “(C) such individual does not attain em-
20 ployment within 6 months of the date of such
21 separation in which the amount of compensa-
22 tion is equal to or greater than 95 percent of
23 the amount of compensation for the employ-
24 ment that is related to such payment.

25 “(2) LIMITATION.—Such term shall not include
26 any payment received by an individual if the aggre-

1 gate payments received with respect to the separa-
2 tion from employment exceed \$125,000.”.

3 (b) CLERICAL AMENDMENT.—The table of sections
4 for part III of subchapter B of chapter 1 of the Internal
5 Revenue Code of 1986 is amended by striking the item
6 relating to section 139 and inserting the following:

“Sec. 139. Severance payments.

“Sec. 140. Cross references to other Acts.”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 2001.

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