

**Calendar No. 57**108<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION**S. 721**

To amend the Internal Revenue Code of 1986 to expand the combat zone income tax exclusion to include income for the period of transit to the combat zone and to remove the limitation on such exclusion for commissioned officers, and for other purposes.

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**IN THE SENATE OF THE UNITED STATES**

MARCH 26, 2003

Mr. ALLEN (for himself, Mr. MCCAIN, Mr. CHAMBLISS, Mr. GRAHAM of South Carolina, and Mr. WARNER) introduced the following bill; which was read the first time

MARCH 27, 2003

Read the second time and placed on the calendar

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**A BILL**

To amend the Internal Revenue Code of 1986 to expand the combat zone income tax exclusion to include income for the period of transit to the combat zone and to remove the limitation on such exclusion for commissioned officers, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. EXPANSION OF INCOME TAX EXCLUSION FOR**  
2 **COMBAT ZONE SERVICE.**

3 (a) **COMBAT ZONE SERVICE TO INCLUDE TRANSIT**  
4 **TO ZONE.**—Section 112(c)(3) of the Internal Revenue  
5 Code of 1986 (relating to definitions) is amended by add-  
6 ing at the end the following new sentence: “Such service  
7 shall include any period of direct transit to the combat  
8 zone.”.

9 (b) **REMOVAL OF LIMITATION ON EXCLUSION FOR**  
10 **COMMISSIONED OFFICERS.**—

11 (1) **IN GENERAL.**—Subsection (b) of section  
12 112 of the Internal Revenue Code of 1986 (relating  
13 to certain combat zone compensation of members of  
14 the Armed Forces) is repealed.

15 (2) **CONFORMING AMENDMENTS.**—

16 (A) Section 112(a) of such Code is amend-  
17 ed—

18 (i) by striking “below the grade of  
19 commissioned officer”, and

20 (ii) by striking “ENLISTED PER-  
21 SONNEL” in the heading and inserting “IN  
22 GENERAL”.

23 (B) Section 112(c) of such Code is amend-  
24 ed by striking paragraphs (1) and (5) and by  
25 redesignating paragraphs (2), (3), and (4) as  
26 paragraphs (1), (2), and (3), respectively.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to months beginning after the date  
3 of the enactment of this Act.

4 **SEC. 2. AVAILABILITY OF CERTAIN TAX BENEFITS FOR**  
5 **MEMBERS OF THE ARMED FORCES PER-**  
6 **FORMING SERVICES AT GUANTANAMO BAY**  
7 **NAVAL STATION, CUBA, AND IN THE HORN OF**  
8 **AFRICA.**

9 (a) GENERAL RULE.—In the case of a member of the  
10 Armed Forces of the United States who is entitled to spe-  
11 cial pay under section 310 of title 37, United States Code  
12 (relating to special pay: duty subject to hostile fire or im-  
13 minent danger), for services performed at Guantanamo  
14 Bay Naval Station, Cuba, or in any country located in the  
15 region known as the Horn of Africa as part of Operation  
16 Enduring Freedom (or any successor operation), such  
17 member shall be treated in the same manner as if such  
18 services were in a combat zone (as determined under sec-  
19 tion 112 of the Internal Revenue Code of 1986) for pur-  
20 poses of the following provisions of such Code:

21 (1) Section 2(a)(3) (relating to special rule  
22 where deceased spouse was in missing status).

23 (2) Section 112 (relating to the exclusion of  
24 certain combat pay of members of the Armed  
25 Forces).

1           (3) Section 692 (relating to income taxes of  
2 members of Armed Forces on death).

3           (4) Section 2201 (relating to members of the  
4 Armed Forces dying in combat zone or by reason of  
5 combat-zone-incurred wounds, etc.).

6           (5) Section 3401(a)(1) (defining wages relating  
7 to combat pay for members of the Armed Forces).

8           (6) Section 4253(d) (relating to the taxation of  
9 phone service originating from a combat zone from  
10 members of the Armed Forces).

11          (7) Section 6013(f)(1) (relating to joint return  
12 where individual is in missing status).

13          (8) Section 7508 (relating to time for per-  
14 forming certain acts postponed by reason of service  
15 in combat zone).

16       (b) EFFECTIVE DATES.—

17           (1) IN GENERAL.—Except as provided in para-  
18 graph (2), this section shall take effect on the date  
19 of the enactment of this Act.

20           (2) WITHHOLDING.—Subsection (a)(5) shall  
21 apply to remuneration paid on or after such date of  
22 enactment.



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