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109TH CONGRESS
2D SESSION

# H. R. 4727

To amend the Internal Revenue Code of 1986 to provide for an extension of the period of limitation to file claims for refunds on account of disability determinations by the Department of Veterans Affairs.

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IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 2006

Mr. FARR (for himself, Mr. ABERCROMBIE, Mr. BISHOP of Georgia, Mr. BILIRAKIS, Mr. BOSWELL, Mr. BURTON of Indiana, Ms. CARSON, Mr. CONYERS, Mr. CASE, Mr. DOGGETT, Mr. EVANS, Mr. FILNER, Mr. AL GREEN of Texas, Mr. GRIJALVA, Ms. HERSETH, Mr. HIGGINS, Mr. HONDA, Mr. HOLT, Mrs. MALONEY, Ms. MATSUI, Ms. MCCOLLUM of Minnesota, Mr. PETERSON of Minnesota, Mr. SCHIFF, Mr. SPRATT, Mr. UDALL of New Mexico, Ms. WASSERMAN SCHULTZ, Mr. WAXMAN, Mr. NEY, Mr. RANGEL, Mr. SKELTON, Ms. SCHAKOWSKY, and Mr. KENNEDY of Rhode Island) introduced the following bill; which was referred to the Committee on Ways and Means

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# A BILL

To amend the Internal Revenue Code of 1986 to provide for an extension of the period of limitation to file claims for refunds on account of disability determinations by the Department of Veterans Affairs.

*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 ''Disabled Veterans Tax Fairness Act of 2006''.

**SEC. 2. SPECIAL PERIOD OF LIMITATION WHEN UNIFORMED SERVICES RETIRED PAY IS REDUCED AS A RESULT OF AWARD OF DISABILITY COMPENSATION.**

(a) IN GENERAL.—Subsection (d) of section 6511 of the Internal Revenue Code of 1986 (relating to special rules applicable to income taxes) is amended by adding at the end the following new paragraph:

''(8) SPECIAL RULES WHEN UNIFORMED SERVICES RETIRED PAY IS REDUCED AS A RESULT OF AWARD OF DISABILITY COMPENSATION.—

''(A) PERIOD OF LIMITATION ON FILING CLAIM.—If the claim for credit or refund relates to an overpayment of tax imposed by subtitle A on account of—

''(i) the reduction of uniformed services retired pay computed under section 1406 or 1407 of title 10, United States Code, or

''(ii) the waiver of such pay under section 5305 of title 38 of such Code,

as a result of an award of compensation under title 38 of such Code pursuant to a determination by the Secretary of Veterans Affairs, the 3-year period of limitation prescribed in subsection (a) shall be extended, for purposes of permitting a credit or refund based upon the amount of such reduction or waiver, until the end of the 1-year period beginning on the date of such determination.

"(B) LIMITATION TO 15 TAXABLE YEARS.—Subparagraph (A) shall not apply with respect to any taxable year which began more than 15 years before the date of such determination.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to claims for credit or refund filed after the date of the enactment of this Act.

(c) TRANSITION RULES.—In the case of a determination described in paragraph (8) of section 6511(d) of the Internal Revenue Code of 1986 (as added by this section) which is made by the Secretary of Veterans Affairs after December 31, 1989, and before the date of the enactment of this Act, such paragraph—

(1) shall not apply with respect to any taxable year which began before December 31, 1989, and

(2) shall be applied by substituting "the date of the enactment of the Disabled Veterans Tax Fair-

ness Act of 2006'' for ''the date of such determination'' in subparagraph (A) thereof.

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