

110TH CONGRESS
1ST SESSION

H. R. 1085

To amend the Internal Revenue Code of 1986 to exclude combat zone compensation of members of the Armed Forces from employment taxes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 15, 2007

Mr. GARRETT of New Jersey 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 combat zone compensation of members of the Armed Forces from employment taxes.

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. SHORT TITLE.**

4 This Act may be cited as the “Armed Forces Tax
5 Relief Act of 2007”.

6 **SEC. 2. EXCLUSION OF COMBAT ZONE COMPENSATION OF**
7 **MEMBERS OF THE ARMED FORCES FROM EM-**
8 **PLOYMENT TAXES.**

9 (a) IN GENERAL.—Paragraph (2) of section 3121(i)
10 of the Internal Revenue Code of 1986 (relating to service

1 in the uniformed services) is amended by adding at the
2 end the following new sentence: “The term ‘wages’ shall
3 not include remuneration for active service performed in
4 a month for which such individual is entitled to the bene-
5 fits of section 112 (relating to certain combat zone com-
6 pensation of members of the Armed Forces of the United
7 States) to the extent remuneration for such service is ex-
8 cludable from gross income under such section.”.

9 (b) SOCIAL SECURITY TRUST FUNDS HELD HARM-
10 LESS.—There is hereby appropriated (out of any money
11 in the Treasury not otherwise appropriated) for each fiscal
12 year to each fund under the Social Security Act an amount
13 equal to the reduction in the transfers to such fund for
14 such fiscal year by reason of the amendment made by sub-
15 section (a).

16 (c) EFFECTIVE DATE.—The amendment made by
17 this section shall apply with respect to service performed
18 after December 31, 2006.

○