

110TH CONGRESS  
1ST SESSION

# H. R. 3736

To amend the Internal Revenue Code of 1986 to make permanent the election to treat combat pay as earned income for purposes of the earned income tax credit.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 3, 2007

Mr. BRALEY of Iowa 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 make permanent the election to treat combat pay as earned income for purposes of the earned income tax credit.

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 “Combat Pay Tax Flexi-  
5 bility Act of 2007”.

1 **SEC. 2. ELECTION TO TREAT COMBAT PAY AS EARNED IN-**  
2 **COME FOR PURPOSES OF THE EARNED IN-**  
3 **COME TAX CREDIT MADE PERMANENT.**

4 (a) IN GENERAL.—Clause (vi) of section 32(c)(2)(B)  
5 of the Internal Revenue Code of 1986 (defining earned  
6 income) is amended to read as follows:

7 “(vi) a taxpayer may elect to treat  
8 amounts excluded from gross income by  
9 reason of section 112 as earned income.”.

10 (b) SUNSET NOT APPLICABLE.—Section 105 of the  
11 Working Families Tax Relief Act of 2004 (relating to ap-  
12 plication of EGTRRA sunset to this title) shall not apply  
13 to section 104(b) of such Act.

14 (c) EFFECTIVE DATE.—The amendment made by  
15 this section shall apply to taxable years ending after De-  
16 cember 31, 2007.

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