

110TH CONGRESS
2D SESSION

H. R. 5725

To amend the Internal Revenue Code of 1986 to allow employers a credit against income tax for employing members of the Ready Reserve or National Guard.

IN THE HOUSE OF REPRESENTATIVES

APRIL 8, 2008

Mr. ALEXANDER 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 allow employers a credit against income tax for employing members of the Ready Reserve or National Guard.

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 “National Guard and
5 Ready Reserves Employment Protection Act of 2008”.

1 **SEC. 2. CREDIT FOR EMPLOYERS WHO EMPLOY MEMBERS**
2 **OF THE READY RESERVE OR NATIONAL**
3 **GUARD.**

4 (a) IN GENERAL.—Subpart D of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 (relating to business-related credits) is amended by
7 inserting after section 45N the following new section:

8 **“SEC. 45O. CREDIT FOR EMPLOYERS WHO EMPLOY MEM-**
9 **BERS OF THE READY RESERVE OR NATIONAL**
10 **GUARD.**

11 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-
12 tion 38, the amount of the Ready Reserve-National Guard
13 employment credit determined under this section with re-
14 spect to any employer for any taxable year is 15 percent
15 of the qualified wages paid or incurred during the calendar
16 year which ends with or within such taxable year.

17 “(b) QUALIFIED WAGES.—

18 “(1) IN GENERAL.—For purposes of this sec-
19 tion, the term ‘qualified wages’ means any wages
20 paid or incurred by an employer for services per-
21 formed by a Ready Reserve-National Guard em-
22 ployee.

23 “(2) ONLY FIRST \$10,000 OF WAGES PER YEAR
24 TAKEN INTO ACCOUNT.—With respect to each em-
25 ployee, the amount of qualified wages which may be

1 taken into account for a calendar year shall not ex-
2 ceed \$10,000.

3 “(3) COORDINATION WITH OTHER CREDITS.—

4 The \$10,000 amount in paragraph (2) shall be re-
5 duced for any calendar year by the amount of wages
6 paid or incurred during such year which are taken
7 into account in determining the credit under section
8 45A(a), 51(a), 1396(a), 1400P(b), or 1400R.

9 “(c) READY RESERVE-NATIONAL GUARD EM-
10 PLOYEE.—For purposes of this section—

11 “(1) IN GENERAL.—Except as otherwise pro-
12 vided in this subsection, the term ‘Ready Reserve-
13 National Guard employee’ means, with respect to
14 any period, any employee of an employer if during
15 such period—

16 “(A) substantially all of the services per-
17 formed by such employee for such employer are
18 performed in a trade or business of the em-
19 ployer, and

20 “(B) such employee is a member of the
21 Ready Reserve (as defined in section 10142 of
22 title 10, United States Code) or the National
23 Guard (as defined in section 101(c)(1) of such
24 title 10).

1 “(2) CERTAIN INDIVIDUALS NOT ELIGIBLE.—

2 The term ‘National Guard-Ready Reserve employee’
3 shall not include any individual described in a sub-
4 paragraph of section 1396(d)(2).

5 “(d) OTHER DEFINITIONS AND SPECIAL RULES.—

6 “(1) WAGES.—For purposes of this section, the
7 term ‘wages’ has the meaning given to such term by
8 section 1397(a).

9 “(2) CONTROLLED GROUPS, ETC.—Rules simi-
10 lar to the rules of subsections (b) and (c) of section
11 1397 shall apply for purposes of this section.

12 “(e) TERMINATION.—The term ‘wages’ shall not in-
13 clude any amount paid or incurred to an individual who
14 begins work for the employer after December 31, 2011.”.

15 (b) DENIAL OF DOUBLE BENEFIT.—Subsection (a)
16 of section 280C of such Code (relating to denial of deduc-
17 tion for certain expenses for which credits are allowable)
18 is amended by inserting “45O,” after “45A(a),”.

19 (c) CREDIT TO BE PART OF GENERAL BUSINESS
20 CREDIT.—Subsection (b) of section 38 of such Code is
21 amended by striking “plus” at the end of paragraph (30),
22 by striking the period at the end of paragraph (31) and
23 inserting “, plus”, and by inserting after paragraph (31)
24 the following new paragraph:

1 “(32) the Ready Reserve-National Guard em-
2 ployment credit determined under section 45O(a).”.

3 (d) CLERICAL AMENDMENT.—The table of sections
4 for subpart D of part IV of subchapter A of chapter 1
5 of such Code is amended by adding at the end the fol-
6 lowing new item:

 “Sec. 45O. Credit for employers who employ members of the Ready Reserve or
 National Guard.”.

7 (e) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 the date of the enactment of this Act.

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