

110TH CONGRESS  
1ST SESSION

# S. 1166

To amend the Internal Revenue Code of 1986 to exclude from gross income certain combat zone compensation of civilian employees of the United States.

---

IN THE SENATE OF THE UNITED STATES

APRIL 19, 2007

Mr. WARNER introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To amend the Internal Revenue Code of 1986 to exclude from gross income certain combat zone compensation of civilian employees of the United States.

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 “Federal Employee  
5 Combat Zone Tax Parity Act”.

6 **SEC. 2. EXCLUSION FROM GROSS INCOME FOR CERTAIN**  
7 **COMBAT ZONE COMPENSATION OF CIVILIAN**  
8 **EMPLOYEES OF THE UNITED STATES.**

9 (a) IN GENERAL.—Section 112 of the Internal Rev-  
10 enue Code of 1986 (relating to certain combat zone com-

1 pensionation of members of the Armed Forces) is amended  
2 by redesignating subsections (c) and (d) as subsections (d)  
3 and (e), respectively, and by inserting after subsection (b)  
4 the following new subsection:

5       “(c) CIVILIAN EMPLOYEES OF THE UNITED STATES  
6 GOVERNMENT.—

7               “(1) IN GENERAL.—Gross income does not in-  
8 clude so much of the compensation as does not ex-  
9 ceed the maximum amount specified in subsection  
10 (b) for active service as an employee of the United  
11 States for any month during any part of which such  
12 employee—

13                       “(A) served in a combat zone, or

14                       “(B) was hospitalized as a result of  
15 wounds, disease, or injury incurred while serv-  
16 ing in a combat zone; but this subparagraph  
17 shall not apply for any month beginning more  
18 than 2 years after the date of the termination  
19 of combatant activities in such zone.

20               “(2) DEFINITIONS.—For purposes of this sub-  
21 section—

22                       “(A) EMPLOYEE OF THE UNITED  
23 STATES.—The term ‘employee of the United  
24 States’ has the meaning given such term by

1 section 2105 of title 5, United States Code, and  
2 includes—

3 “(i) an individual in the commissioned  
4 corps of the Public Health Service or the  
5 commissioned corps of the National Ocea-  
6 nic and Atmospheric Administration, and

7 “(ii) an individual not otherwise de-  
8 scribed in the preceding provisions of this  
9 subparagraph who is treated as an em-  
10 ployee of the United States or an agency  
11 thereof for purposes of section 911(b).

12 “(B) ACTIVE SERVICE.—The term ‘active  
13 service’ means active Federal service by an em-  
14 ployee of the United States.”.

15 (b) CONFORMING AMENDMENTS.—

16 (1) Section 2201(b) of such Code is amended  
17 by striking “112(c)” both places it appears and in-  
18 serting “112(d)”.

19 (2) The heading for section 112 of such Code  
20 is amended to read as follows:

1 **“SEC. 112. CERTAIN COMBAT ZONE COMPENSATION OF**  
2 **MEMBERS OF THE ARMED FORCES AND CI-**  
3 **VILIAN EMPLOYEES OF THE UNITED**  
4 **STATES.”.**

5 (3) The item relating to section 112 in the table  
6 of sections for part III of subchapter B of chapter  
7 1 of such Code is amended to read as follows:

“Sec. 112. Certain combat zone compensation of members of the Armed Forces  
and civilian employees of the United States.”.

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

○