

115TH CONGRESS
2D SESSION

H. R. 7072

To amend the Internal Revenue Code of 1986 to allow for a credit against tax for employers of reservists.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 16, 2018

Mr. WALZ (for himself, Mr. RYAN of Ohio, and Mr. PALAZZO) 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 for a credit against tax for employers of reservists.

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 “Reserve Component
5 Employer Incentive, Compensation, and Relief Act of
6 2018”.

7 **SEC. 2. RESERVIST EMPLOYMENT CREDIT.**

8 (a) IN GENERAL.—

9 (1) ALLOWANCE OF CREDIT.—Subpart D of
10 part IV of subchapter A of chapter 1 of the Internal

1 Revenue Code of 1986 is amended by adding at the
2 end the following new section:

3 **“SEC. 45T. RESERVIST EMPLOYMENT CREDIT.**

4 “(a) ESTABLISHMENT OF CREDIT.—For purposes of
5 section 38, in the case of an eligible employer, the reservist
6 employment credit for a taxable year is an amount equal
7 to the sum of the reservist credit amount for each qualified
8 reservist employed by such employer at any time during
9 such taxable year.

10 “(b) RESERVIST CREDIT AMOUNT.—For purposes of
11 this section—

12 “(1) IN GENERAL.—The term ‘reservist credit
13 amount’ means, with respect to a qualified reservist
14 for a taxable year, an amount equal to the sum of—

15 “(A) \$1,000, plus

16 “(B) in the case of a qualified reservist—

17 “(i) with 30 or more days, and fewer
18 than 90 days, of service in the uniformed
19 services during such year, \$3,000,

20 “(ii) with 90 or more days, and fewer
21 than 180 days, of service in the uniformed
22 services during such year, \$5,000, and

23 “(iii) with 180 or more days of service
24 in the uniformed services during such year,
25 \$10,000.

1 “(2) DAYS OF SERVICE.—For purposes of para-
2 graph (1), days of service shall only be taken into
3 account with respect to a qualified reservist em-
4 ployed by an eligible employer to the extent such
5 days are during a period of employment of such re-
6 servist by such employer.

7 “(3) QUALIFIED RESERVIST.—The term ‘quali-
8 fied reservist’ means, with respect to a taxable year,
9 an individual who is, at any time during such tax-
10 able year, a member of the National Guard or a re-
11 serve component of the Armed Forces, as named in
12 section 10101 of title 10, United States Code (ex-
13 cept for a member of the Individual Ready Reserve).

14 “(4) OTHER DEFINITIONS.—The terms ‘reserve
15 component’, ‘active service’, ‘full-time National
16 Guard duty’, ‘active Guard and Reserve duty’, and
17 ‘inactive-duty training’ have the meanings given
18 such terms in section 101 of title 10, United States
19 Code. The term ‘National Guard’ has the meaning
20 given such term in section 101(3) of title 32, United
21 States Code. The term ‘service in the uniformed
22 services’ has the meaning given such term in section
23 4303 of title 38, United States Code.

24 “(c) ELECTION TO HAVE CREDIT NOT APPLY.—

1 “(1) IN GENERAL.—A taxpayer may elect to
2 have this section not apply for any taxable year.

3 “(2) OTHER RULES.—Rules similar to the rules
4 of paragraphs (2) and (3) of section 51(j) shall
5 apply for purposes of this subsection.”.

6 (b) CREDIT PART OF GENERAL BUSINESS CREDIT.—
7 Section 38(b) of the Internal Revenue Code of 1986 is
8 amended by striking “plus” at the end of paragraph (36),
9 by striking the period at the end of paragraph (37) and
10 inserting “, plus”, and by adding at the end the following
11 new paragraph:

12 “(38) in the case of an eligible employer (as de-
13 fined in section 45S(c)), the reservist employment
14 credit determined under section 45T(a).”.

15 (c) CREDIT ALLOWED AGAINST AMT.—Subpara-
16 graph (B) of section 38(c)(4) of the Internal Revenue
17 Code of 1986 is amended by redesignating clauses (x)
18 through (xii) as clauses (xi) through (xiii), respectively,
19 and by inserting after clause (ix) the following new clause:

20 “(x) the credit determined under sec-
21 tion 45T,”.

22 (d) CONFORMING AMENDMENTS.—

23 (1) DENIAL OF DOUBLE BENEFIT.—Section
24 280C(a) of the Internal Revenue Code of 1986 is
25 amended by inserting “45T(a),” after “45S(a),”.

1 (2) ELECTION TO HAVE CREDIT NOT APPLY.—
2 Section 6501(m) of the Internal Revenue Code of
3 1986 is amended by inserting “45T(d),” after
4 “45S(h),”.

5 (3) CLERICAL AMENDMENT.—The table of sec-
6 tions for subpart D of part IV of subchapter A of
7 chapter 1 of the Internal Revenue Code of 1986 is
8 amended by adding at the end the following new
9 item:

“Sec. 45T. Reservist employment credit.”.

10 (e) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to wages paid in taxable years be-
12 ginning after December 31, 2018.

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