

103^D CONGRESS
2^D SESSION

H. R. 4019

To amend the Internal Revenue Code of 1986 to permit certain severance payments to be included in income over a 4-year period.

IN THE HOUSE OF REPRESENTATIVES

MARCH 11, 1994

Mr. HINCHEY 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 permit certain severance payments to be included in income over a 4-year period.

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 “Tax Fairness for Dis-
5 placed Workers Act”.

6 **SEC. 2. ELECTION TO INCLUDE CERTAIN SEVERANCE PAY-**
7 **MENTS IN INCOME OVER 4-YEAR PERIOD.**

8 (a) GENERAL RULE.—Section 451 of the Internal
9 Revenue Code of 1986 (relating to general rule for taxable

1 year of inclusion) is amended by adding at the end the
2 following new subsection:

3 “(h) ELECTION TO INCLUDE CERTAIN SEVERANCE
4 PAYMENTS IN INCOME OVER 4-YEAR PERIOD.—

5 “(1) IN GENERAL.—If an individual makes an
6 election under this paragraph with respect to any
7 qualified severance payment, such payment shall be
8 included in gross income ratably over the 4-taxable-
9 year period beginning with the taxable year in which
10 such payment is received.

11 “(2) QUALIFIED SEPARATION PAYMENT.—For
12 purposes of this subsection, the term ‘qualified sepa-
13 ration payment’ means any payment received by an
14 individual if—

15 “(A) such payment was paid by such indi-
16 vidual’s employer on account of such individ-
17 ual’s separation from employment, and

18 “(B) such separation was in connection
19 with a reduction in the work force of the em-
20 ployer.

21 The aggregate amount taken into account under the
22 preceding sentence with respect to any separation
23 from employment shall not exceed \$50,000.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall apply to payments received on or after
3 January 1, 1993.

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