

104TH CONGRESS  
2D SESSION

# H. R. 2999

To amend the Internal Revenue Code of 1986 to exclude certain severance payment amounts from income.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 29, 1996

Mr. TORRICELLI 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 exclude certain severance payment amounts from income.

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. EXCLUSION FROM INCOME OF SEVERANCE**

4 **PAYMENT AMOUNTS.**

5 (A) IN GENERAL.—Part III of subchapter B of chap-  
6 ter 1 of the Internal Revenue Code of 1986 (relating to  
7 items specifically excluded from gross income) is amended  
8 by redesignating section 137 as section 138 and by insert-  
9 ing after section 136 the following new section:

1 **“SEC. 137. SEVERANCE PAYMENTS.**

2 “(a) IN GENERAL.—In the case of an individual,  
3 gross income shall not include any qualified severance pay-  
4 ment.

5 “(b) LIMITATION.—The amount to which the exclu-  
6 sion under subsection (a) applies shall not exceed \$50,000  
7 with respect to any separation from employment.

8 “(c) QUALIFIED SEVERANCE PAYMENT.—For pur-  
9 poses of this section, the term ‘qualified severance pay-  
10 ment’ means any payment received by an individual if—

11 “(1) such payment was paid by such individ-  
12 ual’s employer on account of such individual’s sepa-  
13 ration from employment, and

14 “(2) such separation was in connection with a  
15 reduction in the work force of the employer.”

16 (b) CLERICAL AMENDMENT.—The table of sections  
17 for part III of subchapter B of chapter 1 of such Code  
18 is amended by striking the item relating to section 137  
19 and inserting the following new items:

“Sec. 137. Severance payments.

“Sec. 138. Cross references to other Acts.”

20 (c) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to taxable years beginning after  
22 December 31, 1995.

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