

106TH CONGRESS
1ST SESSION

S. 1424

To amend the Internal Revenue Code of 1986 to provide the same tax treatment for special pay as for combat pay.

IN THE SENATE OF THE UNITED STATES

JULY 22, 1999

Mr. EDWARDS (for himself and Mrs. HUTCHISON) 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 provide the same tax treatment for special pay as for combat pay.

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 Exempt Military
5 Pay Orders (TEMPO) Act”.

6 **SEC. 2. TAX TREATMENT OF SPECIAL PAY FOR MEMBERS**
7 **OF THE ARMED FORCES.**

8 (a) IN GENERAL.—Subchapter C of chapter 80 of the
9 Internal Revenue Code of 1986 (relating to provisions af-

1 fecting more than one subtitle) is amended by adding at
2 the end the following:

3 **“SEC. 7874. TREATMENT OF SPECIAL PAY FOR MEMBERS OF**
4 **THE ARMED FORCES.**

5 “(a) GENERAL RULE.—For purposes of the following
6 provisions, a special pay area shall be treated in the same
7 manner as if it were a combat zone (as determined under
8 section 112):

9 “(1) Section 2(a)(3) (relating to special rule
10 where deceased spouse was in missing status).

11 “(2) Section 112 (relating to the exclusion of
12 certain combat pay of members of the Armed
13 Forces).

14 “(3) Section 692 (relating to income taxes of
15 members of Armed Forces on death).

16 “(4) Section 2201 (relating to members of the
17 Armed Forces dying in combat zone or by reason of
18 combat-zone-incurred wounds, etc.).

19 “(5) Section 3401(a)(1) (defining wages relat-
20 ing to combat pay for members of the Armed
21 Forces).

22 “(6) Section 4253(d) (relating to the taxation
23 of phone service originating from a combat zone
24 from members of the Armed Forces).

1 “(7) Section 6013(f)(1) (relating to joint return
2 where individual is in missing status).

3 “(8) Section 7508 (relating to time for per-
4 forming certain acts postponed by reason of service
5 in combat zone).

6 “(b) SPECIAL PAY AREA.—For purposes of this sec-
7 tion, the term ‘special pay area’ means any area in which
8 an individual receives special pay under section 310 of title
9 37, United States Code, for services performed in such
10 area.”

11 (b) CONFORMING AMENDMENT.—The table of sec-
12 tions for subchapter C of chapter 80 of the Internal Rev-
13 enue Code of 1986 is amended by adding at the end the
14 following:

 “Sec. 7874. Treatment of special pay.”

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to remuneration paid in taxable
17 years ending after the date of the enactment of this Act.

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