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112TH CONGRESS
2D SESSION

H. R. 6316

To amend the Internal Revenue Code of 1986 to exclude from income and employment taxes real property tax abatements for seniors and disabled individuals in exchange for services.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 2012

Mr. FRANK of Massachusetts 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 from income and employment taxes real property tax abatements for seniors and disabled individuals in exchange for services.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXCLUSION FROM INCOME AND EMPLOYMENT TAXES FOR REAL PROPERTY TAX ABATEMENTS IN EXCHANGE FOR SERVICES.

(a) INCOME TAXES.—

(1) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (re-

lating to items specifically excluded from gross income) is amended by inserting before section 140 the following new section:

"SEC. 139F. REAL PROPERTY TAX ABATEMENTS IN EXCHANGE FOR SERVICES.

"(a) IN GENERAL.—In the case of a qualified individual, gross income shall not include any real property tax abatement received under a State program, or a local program under specific authority of State law, in which the taxpayer receives such abatement in exchange for services.

"(b) QUALIFIED INDIVIDUAL.—For purposes of subsection (a), the term 'qualified individual' means any individual who—

"(1) has attained age 60, or

"(2) is disabled (within the meaning of section 72(m)(7)).".

(2) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 of such Code is amended by inserting after the item relating to section 139B the following new item:

"Sec. 139F. Real property tax abatements in exchange for services.".

(b) EMPLOYMENT TAXES.—

(1) IN GENERAL.—Paragraph (7) of section 3121(b) of such Code is amended by striking "or" at the end of subparagraph (E), by inserting "or"

at the end of subparagraph (F), and by inserting after subparagraph (F) the following:

"(G) service under a State program in which the taxpayer in exchange for services receives an abatement of real property taxes which is excluded from income under section 139F;".

(2) CONFORMING AMENDMENTS TO SOCIAL SECURITY ACT.—Section 210(a)(7) of the Social Security Act (42 U.S.C. 410(a)(7)) is amended by striking "or" at the end of subparagraph (E), by striking the period at the end of subparagraph (F) and inserting ", or", and by inserting after subparagraph (F) the following:

"(G) service under a State program in which the taxpayer in exchange for services receives an abatement of real property taxes which is excluded from income under section 139F of the Internal Revenue Code of 1986.".

(c) EFFECTIVE DATES.—

(1) The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 2012.

(2) The amendments made by subsection (b) shall apply to service performed after December 31, 2012.

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