

104<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 2778**

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**AN ACT**

To provide that members of the Armed Forces performing services for the peacekeeping efforts in Bosnia and Herzegovina, Croatia, and Macedonia shall be entitled to tax benefits in the same manner as if such services were performed in a combat zone, and for other purposes.

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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. TREATMENT OF CERTAIN INDIVIDUALS PER-**  
4 **FORMING SERVICES IN CERTAIN HAZARDOUS**  
5 **DUTY AREAS.**

6 (a) GENERAL RULE.—For purposes of the following  
7 provisions of the Internal Revenue Code of 1986, a quali-  
8 fied hazardous duty area shall be treated in the same man-  
9 ner as if it were a combat zone (as determined under sec-  
10 tion 112 of such Code):

11 (1) Section 2(a)(3) (relating to special rule  
12 where deceased spouse was in missing status).

13 (2) Section 112 (relating to the exclusion of  
14 certain combat pay of members of the Armed  
15 Forces).

16 (3) Section 692 (relating to income taxes of  
17 members of Armed Forces on death).

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

21 (5) Section 3401(a)(1) (defining wages relating  
22 to combat pay for members of the Armed Forces).

23 (6) Section 4253(d) (relating to the taxation of  
24 phone service originating from a combat zone from  
25 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 perform-  
4           ing certain acts postponed by reason of service in  
5           combat zone).

6           (b) QUALIFIED HAZARDOUS DUTY AREA.—For pur-  
7           poses of this section, the term “qualified hazardous duty  
8           area” means Bosnia and Herzegovina, Croatia, or Mac-  
9           edonia, if as of the date of the enactment of this section  
10          any member of the Armed Forces of the United States  
11          is entitled to special pay under section 310 of title 37,  
12          United States Code (relating to special pay; duty subject  
13          to hostile fire or imminent danger) for services performed  
14          in such country. Such term includes any such country only  
15          during the period such entitlement is in effect. Solely for  
16          purposes of applying section 7508 of the Internal Revenue  
17          Code of 1986, in the case of an individual who is perform-  
18          ing services as part of Operation Joint Endeavor outside  
19          the United States while deployed away from such individ-  
20          ual’s permanent duty station, the term “qualified hazard-  
21          ous duty area” includes, during the period for which such  
22          entitlement is in effect, any area in which such services  
23          are performed.

24          (c) EXCLUSION OF COMBAT PAY FROM WITHHOLD-  
25          ING LIMITED TO AMOUNT EXCLUDABLE FROM GROSS IN-

1 COME.—Paragraph (1) of section 3401(a) of the Internal  
2 Revenue Code of 1986 (defining wages) is amended by in-  
3 serting before the semicolon the following: “to the extent  
4 remuneration for such service is excludable from gross in-  
5 come under such section”.

6 (d) INCREASE IN COMBAT PAY EXCLUSION FOR OF-  
7 FICERS TO HIGHEST AMOUNT APPLICABLE TO ENLISTED  
8 PERSONNEL.—

9 (1) IN GENERAL.—Subsection (b) of section  
10 112 of such Code (relating to commissioned officers)  
11 is amended by striking “\$500” and inserting “the  
12 maximum enlisted amount”.

13 (2) MAXIMUM ENLISTED AMOUNT.—Subsection  
14 (c) of section 112 of such Code (relating to defini-  
15 tions) is amended by adding at the end the following  
16 new paragraph:

17 “(5) The term ‘maximum enlisted amount’  
18 means, for any month, the sum of—

19 “(A) the highest rate of basic pay payable  
20 for such month to any enlisted member of the  
21 Armed Forces of the United States at the high-  
22 est pay grade applicable to enlisted members,  
23 and

24 “(B) in the case of an officer entitled to  
25 special pay under section 310 of title 37, Unit-

1           ed States Code, for such month, the amount of  
2           such special pay payable to such officer for  
3           such month.”.

4           (e) EFFECTIVE DATE.—

5           (1) IN GENERAL.—Except as provided in para-  
6           graph (2), the provisions of and amendments made  
7           by this section shall take effect on November 21,  
8           1995.

9           (2) WITHHOLDING.—Subsection (a)(5) and the  
10          amendment made by subsection (c) shall apply to re-  
11          muneration paid after the date of the enactment of  
12          this Act.

13   **SEC. 2. EXTENSION OF INTERNAL REVENUE SERVICE USER**  
14                                   **FEES.**

15          Subsection (c) of section 10511 of the Revenue Act  
16          of 1987 is amended by striking “October 1, 2000” and  
17          by inserting “October 1, 2003”.

        Passed the House of Representatives March 5,  
        1996.

        Attest:

*Clerk.*