

104TH CONGRESS
2D SESSION

H. R. 2999

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

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 29, 1996

Mr. TORRICELLI 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 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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