

106TH CONGRESS
2D SESSION

H. R. 4274

To amend the Internal Revenue Code of 1986 to provide that computers provided to employees for personal use are a nontaxable fringe benefit.

IN THE HOUSE OF REPRESENTATIVES

APRIL 13, 2000

Mr. WELLER (for himself, Mr. Lewis of Georgia, Mr. WATKINS, Mr. SESSIONS, Mrs. WILSON, Mr. CAMPBELL, and Mr. NEAL of Massachusetts) 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 provide that computers provided to employees for personal use are a nontaxable fringe benefit.

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 “Digital Divide Access
5 to Technology Act of 2000”.

1 **SEC. 2. CERTAIN EMPLOYER-PROVIDED COMPUTERS AND**
2 **INTERNET ACCESS TREATED AS DE MINIMIS**
3 **FRINGE BENEFITS.**

4 (a) IN GENERAL.—Subsection (e) of section 132 of
5 the Internal Revenue Code of 1986 (relating to certain
6 fringe benefits) is amended by adding at the end the fol-
7 lowing new paragraphs:

8 “(3) INTERNET ACCESS.—

9 “(A) IN GENERAL.—Internet access pro-
10 vided by an employer to the employer’s employ-
11 ees (if it would (but for this paragraph) result
12 in an inclusion in the employee’s gross income)
13 shall be treated as a de minimis fringe if the re-
14 quirements of subparagraph (B) are met.

15 “(B) REQUIREMENTS.—Internet access
16 meets the requirements of this subparagraph
17 if—

18 “(i) such access is provided directly by
19 the employer or pursuant to a contract
20 which is arranged for or entered into by
21 the employer with an Internet service pro-
22 vider, and

23 “(ii) such access is made available to
24 substantially all of the employees of the
25 employer on substantially the same basis.

1 “(C) CERTAIN EMPLOYEES MAY BE EX-
2 CLUDED.—For purposes of subparagraph (B),
3 there may be excluded from consideration—

4 “(i) employees who have not com-
5 pleted 6 months of service,

6 “(ii) part-time or seasonal employees,
7 and

8 “(iii) employees whose principal place
9 of employment with the employer is outside
10 of the United States.

11 “(4) COMPUTERS.—

12 “(A) IN GENERAL.—Computers provided
13 by an employer to the employer’s employees (if
14 such computers would (but for this paragraph)
15 result in an inclusion in the employee’s gross
16 income) shall be treated as a de minimis fringe
17 if the requirements of subparagraph (B) are
18 met.

19 “(B) REQUIREMENTS.—The provision of
20 computers meets the requirements of this sub-
21 paragraph if the computers are made available
22 to substantially all of the employees of the em-
23 ployer on substantially the same basis (deter-
24 mined with the application of paragraph
25 (3)(C)).

1 “(C) LIMITATION ON EXCLUSION WHERE
2 OWNERSHIP OF COMPUTER NOT TRANSFERRED
3 TO EMPLOYEE.—In the case of a computer to
4 which this paragraph applies and the ownership
5 of which is not transferred to the employee as
6 the beginning of the employee’s use, the exclu-
7 sion under this paragraph for any month shall
8 be limited to \$35.

9 “(D) LIMITATION ON EXCLUSION WHERE
10 OWNERSHIP OF COMPUTER IS TRANSFERRED TO
11 EMPLOYEE.—In the case of a computer to
12 which this paragraph applies and the ownership
13 of which is transferred to the employee, the ex-
14 clusion under this paragraph shall be limited to
15 \$1,260 (reduced by the aggregate exclusion
16 under subparagraph (C) (if any) with respect to
17 such computer.

18 “(E) LIMITATIONS APPLIED ON 3-YEAR
19 BASIS.—In no event shall the aggregate amount
20 excluded from the gross income of an employee
21 under this paragraph with respect to computers
22 provided to such employee from the employer
23 during the taxable year and the 2 preceding
24 taxable years exceed \$1,260.

1 “(F) COMPUTER.—For purposes of this
2 paragraph, the term ‘computer’ includes—

3 “(i) any computer or peripheral equip-
4 ment (as defined by section 168(i)(2)(B)),

5 “(ii) any software which is loaded into
6 such computer at the time provided to the
7 employee, and

8 “(iii) technical support and other inci-
9 dental benefits provided in connection with
10 the employer’s computer benefit program.”

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to computers (as defined in section
13 132(e)(4)(F) of the Internal Revenue Code of 1986, as
14 added by this section) and Internet access provided in tax-
15 able years ending after the date of the enactment of this
16 Act.

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