

107<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1596

To amend the Internal Revenue Code of 1986 to provide a special rule for members of the uniformed services and the Foreign Service, and other employees, in determining the exclusion of gain from the sale of a principal residence.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 2001

Mr. HOUGHTON (for himself, Mr. FOLEY, Mr. SAM JOHNSON of Texas, Mr. SCHAFFER, Mr. RANGEL, Mr. WATKINS, Mr. JONES of North Carolina, Mrs. THURMAN, and Mr. LEWIS of Kentucky) 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 provide a special rule for members of the uniformed services and the Foreign Service, and other employees, in determining the exclusion of gain from the sale of a principal residence.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SPECIAL RULE FOR MEMBERS OF UNIFORMED**  
2 **SERVICES AND FOREIGN SERVICE, AND**  
3 **OTHER EMPLOYEES, IN DETERMINING EX-**  
4 **CLUSION OF GAIN FROM SALE OF PRINCIPAL**  
5 **RESIDENCE.**

6 (a) IN GENERAL.—Subsection (d) of section 121 of  
7 the Internal Revenue Code of 1986 (relating to exclusion  
8 of gain from sale of principal residence) is amended by  
9 adding at the end the following new paragraphs:

10 “(9) MEMBERS OF UNIFORMED SERVICES AND  
11 FOREIGN SERVICE.—

12 “(A) IN GENERAL.—The running of the 5-  
13 year period described in subsection (a) shall be  
14 suspended with respect to an individual during  
15 any time that such individual or such individ-  
16 ual’s spouse is serving on qualified official ex-  
17 tended duty as a member of the uniformed  
18 services or of the Foreign Service.

19 “(B) QUALIFIED OFFICIAL EXTENDED  
20 DUTY.—For purposes of this paragraph—

21 “(i) IN GENERAL.—The term ‘quali-  
22 fied official extended duty’ means any pe-  
23 riod of extended duty as a member of the  
24 uniformed services or a member of the  
25 Foreign Service during which the member  
26 serves at a duty station which is at least

1           50 miles from such property or is under  
2           Government orders to reside in Govern-  
3           ment quarters.

4           “(ii) UNIFORMED SERVICES.—The  
5           term ‘uniformed services’ has the meaning  
6           given such term by section 101(a)(5) of  
7           title 10, United States Code, as in effect  
8           on the date of the enactment of this para-  
9           graph.

10          “(iii) FOREIGN SERVICE OF THE  
11          UNITED STATES.—The term ‘member of  
12          the Foreign Service’ has the meaning given  
13          the term ‘member of the Service’ by para-  
14          graph (1), (2), (3), (4), or (5) of section  
15          103 of the Foreign Service Act of 1980, as  
16          in effect on the date of the enactment of  
17          this paragraph.

18          “(iv) EXTENDED DUTY.—The term  
19          ‘extended duty’ means any period of active  
20          duty pursuant to a call or order to such  
21          duty for a period in excess of 90 days or  
22          for an indefinite period.

23          “(10) OTHER EMPLOYEES.—

24                 “(A) IN GENERAL.—The running of the 5-  
25                 year period described in subsection (a) shall be

1 suspended with respect to an individual during  
2 any time that such individual or such individ-  
3 ual's spouse is serving as an employee for a pe-  
4 riod in excess of 90 days in an assignment by  
5 such employee's employer outside the United  
6 States.

7 “(B) LIMITATIONS AND SPECIAL RULES.—

8 “(i) MAXIMUM PERIOD OF SUSPEN-  
9 SION.—The suspension under subpara-  
10 graph (A) with respect to a principal resi-  
11 dence shall not exceed (in the aggregate) 5  
12 years.

13 “(ii) MEMBERS OF UNIFORMED SERV-  
14 ICES AND FOREIGN SERVICE.—Subpara-  
15 graph (A) shall not apply to an individual  
16 to whom paragraph (9) applies.

17 “(iii) SELF-EMPLOYED INDIVIDUAL  
18 NOT CONSIDERED AN EMPLOYEE.—For  
19 purposes of this paragraph, the term ‘em-  
20 ployee’ does not include an individual who  
21 is an employee within the meaning of sec-  
22 tion 401(c)(1) (relating to self-employed  
23 individuals).”.

1           (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to sales and exchanges after May  
3 6, 1997.

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