In the Senate of the United States,

November 14, 2002.

Resolved, That the bill from the House of Representatives (H.R. 5557) entitled "An Act to amend the Internal Revenue Code of 1986 to provide a special rule for members of the uniformed services and Foreign Service in determining the exclusion of gain from the sale of a principal residence and to restore the tax exempt status of death gratuity payments to members of the uniformed services, and for other purposes.", do pass with the following

AMENDMENT:

1	Page 10, strike out line 10 and insert:
2	SEC. 8. CLARIFICATION RELATING TO EXCEPTION FROM
3	ADDITIONAL TAX ON CERTAIN DISTRIBU-
4	TIONS FROM QUALIFIED TUITION PROGRAMS
5	ETC. ON ACCOUNT OF ATTENDANCE AT MILI
6	TARY ACADEMY.
7	(a) In General.—Subparagraph (B) of section
8	530(d)(4) of the Internal Revenue Code of 1986 (relating
9	to exceptions from additional tax for distributions not used
10	for educational purposes) is amended by striking "or" at
11	the end of clause (iii), by redesignating clause (iv) as clause
12	(v), and by inserting after clause (iii) the following new
13	clause:

1	"(iv) made on account of the attend-
2	ance of the account holder at the United
3	States Military Academy, the United States
4	Naval Academy, the United States Air
5	Force Academy, the United States Coast
6	Guard Academy, or the United States Mer-
7	chant Marine Academy, to the extent that
8	the amount of the payment or distribution
9	does not exceed the costs of advanced edu-
10	cation (as defined by section 2005(e)(3) of
11	title 10, United States Code, as in effect on
12	the date of the enactment of this section) at-
13	tributable to such attendance, or".
14	(b) Effective Date.—The amendment made by this
15	section shall take effect for taxable years beginning after De-
16	cember 31, 2002.
17	SEC. 9. SUSPENSION OF TAX-EXEMPT STATUS OF DES-
18	IGNATED TERRORIST ORGANIZATIONS.
19	(a) In General.—Section 501 of the Internal Revenue
20	Code of 1986 (relating to exemption from tax on corpora-
21	tions, certain trusts, etc.) is amended by redesignating sub-
22	section (p) as subsection (q) and by inserting after sub-
23	section (o) the following new subsection:
24	"(p) Suspension of Tax-Exempt Status of Des-
25	IGNATED TERRORIST ORGANIZATIONS —

1	"(1) In general.—The exemption from tax
2	under subsection (a) with respect to any organization
3	shall be suspended during any period in which the or-
4	ganization is a designated terrorist organization.
5	"(2) Designated terrorist organization.—
6	For purposes of this subsection, the term 'designated
7	terrorist organization' means an organization
8	which—
9	"(A) is designated as a terrorist organiza-
10	tion in or pursuant to an Executive order, or
11	otherwise designated, under the authority of—
12	"(i) section 212(a)(3) or 219 of the Im-
13	migration and Nationality Act,
14	"(ii) the International Emergency Eco-
15	nomic Powers Act, or
16	"(iii) section 5 of the United Nations
17	Participation Act, or
18	"(B) is designated in or pursuant to an Ex-
19	ecutive order as supporting terrorist activity (as
20	defined in section $212(a)(3)(B)$ of the Immigra-
21	tion and Nationality Act) or terrorism (as de-
22	fined in section $140(d)(2)$ of the Foreign Rela-
23	tions Authorization Act, Fiscal Years 1988 and
24	1989).

- 1 "(3) DENIAL OF DEDUCTION.—No deduction 2 shall be allowed under section 170, 545(b)(2), 3 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522 for any 4 contribution to an organization during the period 5 such organization is a designated terrorist organiza-6 tion.
 - "(4) Denial of administrative or judicial Challenge of Suspension or Denial of Deduction.—Notwithstanding section 7428 or any other provision of law, no organization or other person may challenge a suspension under paragraph (1), a designation described in paragraph (2), or a denial of a deduction under paragraph (3) in any administrative or judicial proceeding relating to the Federal tax liability of such organization or other person.
 - "(5) Credit or refund in case of erroneous designation.—

"(A) In General.—If a designation of an organization pursuant to 1 or more of the provisions of law described in paragraph (2) is determined to be erroneous pursuant to such law and the erroneous designation results in an overpayment of income tax for any taxable year with respect to such organization, credit or refund (with

interest) with respect to such overpayment shall
 be made.

"(B) Waiver of limitations.—If credit or refund of any overpayment of tax described in subparagraph (A) is prevented at any time before the close of the 1-year period beginning on the date of the determination of such credit or refund by the operation of any law or rule of law (including res judicata), such refund or credit may nevertheless be made or allowed if claim therefor is filed before the close of such period.".

(b) Notice of Suspensions.—If the tax exemption

- 12 (b) Notice of Suspensions.—If the tax exemption
 13 of any organization is suspended under section 501(p) of
 14 the Internal Revenue Code of 1986 (as added by subsection
 15 (a)), the Internal Revenue Service shall update the listings
 16 of tax-exempt organizations and shall publish appropriate
 17 notice to taxpayers of such suspension and of the fact that
 18 contributions to such organization are not deductible dur19 ing the period of such suspension.
- 20 (c) Effective Date.—The amendments made by this 21 section shall take effect on the date of the enactment of this 22 Act.

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1	SEC. 10. ABOVE-THE-LINE DEDUCTION FOR OVERNIGHT
2	TRAVEL EXPENSES OF NATIONAL GUARD AND
3	RESERVE MEMBERS.
4	(a) Deduction Allowed.—Section 162 of the Inter-
5	nal Revenue Code of 1986 (relating to certain trade or busi-
6	ness expenses) is amended by redesignating subsection (p)
7	as subsection (q) and inserting after subsection (o) the fol-
8	lowing new subsection:
9	"(p) Treatment of Expenses of Members of Re-
10	SERVE COMPONENT OF ARMED FORCES OF THE UNITED
11	States.—For purposes of subsection (a)(2), in the case of
12	an individual who performs services as a member of a re-
13	serve component of the Armed Forces of the United States
14	at any time during the taxable year, such individual shall
15	be deemed to be away from home in the pursuit of a trade
16	or business for any period during which such individual
17	is away from home in connection with such services.".
18	(b) Deduction Allowed Whether or Not Tax-
19	PAYER ELECTS TO ITEMIZE.—Section 62(a)(2) (relating to
20	certain trade and business deductions of employees) is
21	amended by adding at the end the following new subpara-
22	graph:
23	"(E) CERTAIN EXPENSES OF MEMBERS OF
24	RESERVE COMPONENTS OF THE ARMED FORCES
25	OF THE UNITED STATES.—The deductions al-
26	lowed by section 162 which consist of expenses.

1	not in excess of \$1,500, paid or incurred by the
2	taxpayer in connection with the performance of
3	services by such taxpayer as a member of a re-
4	serve component of the Armed Forces of the
5	United States for any period during which such
6	individual is more than 100 miles away from
7	home in connection with such services.".
8	(c) Effective Date.—The amendments made by this
9	section shall apply to amounts paid or incurred in taxable
10	years beginning after December 31, 2002.
11	SEC. 11. EXTENSION OF INTERNAL REVENUE SERVICE
12	USER FEES.
13	(a) In General.—Chapter 77 of the Internal Revenue
14	Code of 1986 (relating to miscellaneous provisions) is
15	amended by adding at the end the following new section:
16	"SEC. 7527. INTERNAL REVENUE SERVICE USER FEES.
17	"(a) General Rule.—The Secretary shall establish
18	a program requiring the payment of user fees for—
19	"(1) requests to the Internal Revenue Service for
20	ruling letters, opinion letters, and determination let-
21	ters, and
22	"(2) other similar requests.
23	"(b) Program Criteria.—
24	"(1) In General.—The fees charged under the

1	"(A) shall vary according to categories (or
2	subcategories) established by the Secretary,
3	"(B) shall be determined after taking into
4	account the average time for (and difficulty of)
5	complying with requests in each category (and
6	subcategory), and
7	"(C) shall be payable in advance.
8	"(2) Exemptions, etc.—
9	"(A) In General.—The Secretary shall
10	provide for such exemptions (and reduced fees)
11	under such program as the Secretary determines
12	to be appropriate.
13	"(B) Exemption for certain requests
14	REGARDING PENSION PLANS.—The Secretary
15	shall not require payment of user fees under such
16	program for requests for determination letters
17	with respect to the qualified status of a pension
18	benefit plan maintained solely by 1 or more eli-
19	gible employers or any trust which is part of the
20	plan. The preceding sentence shall not apply to
21	any request—
22	"(i) made after the later of—
23	"(I) the fifth plan year the pen-
24	sion benefit plan is in existence, or

1	"(II) the end of any remedial
2	amendment period with respect to the
3	plan beginning within the first 5 plan
4	years, or
5	"(ii) made by the sponsor of any proto-
6	type or similar plan which the sponsor in-
7	tends to market to participating employers.
8	"(C) Definitions and special rules.—
9	For purposes of subparagraph (B)—
10	"(i) Pension benefit plan.—The
11	term 'pension benefit plan' means a pen-
12	sion, profit-sharing, stock bonus, annuity,
13	or employee stock ownership plan.
14	"(ii) Eligible employer.—The term
15	'eligible employer' means an eligible em-
16	ployer (as defined in section
17	408(p)(2)(C)(i)(I)) which has at least 1 em-
18	ployee who is not a highly compensated em-
19	ployee (as defined in section 414(q)) and is
20	participating in the plan. The determina-
21	tion of whether an employer is an eligible
22	employer under subparagraph (B) shall be
23	made as of the date of the request described
24	in such subparagraph.

1	"(iii) Determination of Average
2	FEES CHARGED.—For purposes of any de-
3	termination of average fees charged, any re-
4	quest to which subparagraph (B) applies
5	shall not be taken into account.
6	"(3) Average fee requirement.—The average
7	fee charged under the program required by subsection
8	(a) shall not be less than the amount determined
9	under the following table:
	"Category Fee Employee plan ruling and opinion \$250 Exempt organization ruling \$350 Employee plan determination \$300 Exempt organization determination \$275 Chief counsel ruling \$200
10	"(c) Termination.—No fee shall be imposed under
11	this section with respect to requests made after September
12	30, 2012.".
13	(b) Conforming Amendments.—
14	(1) The table of sections for chapter 77 of the In-
15	ternal Revenue Code of 1986 is amended by adding
16	at the end the following new item:
	"Sec. 7527. Internal Revenue Service user fees.".
17	(2) Section 10511 of the Revenue Act of 1987 is
18	repealed.
19	(3) Section 620 of the Economic Growth and
20	Tax Relief Reconciliation Act of 2001 is repealed.

1	(c) Limitations.—Notwithstanding any other provi-
2	sion of law, any fees collected pursuant to section 7527 of
3	the Internal Revenue Code of 1986, as added by subsection
4	(a), shall not be expended by the Internal Revenue Service
5	unless provided by an appropriations Act.
6	(d) Effective Date.—The amendments made by this
7	section shall apply to requests made after the date of the
8	enactment of this Act.
9	SEC. 12. PARTIAL PAYMENT OF TAX LIABILITY IN INSTALL-
10	MENT AGREEMENTS.
11	(a) In General.—
12	(1) Section 6159(a) of the Internal Revenue Code
13	of 1986 (relating to authorization of agreements) is
14	amended—
15	(A) by striking "satisfy liability for pay-
16	ment of" and inserting "make payment on", and
17	(B) by inserting "full or partial" after "fa-
18	cilitate".
19	(2) Section 6159(c) of such Code (relating to Sec-
20	retary required to enter into installment agreements
21	in certain cases) is amended in the matter preceding
22	paragraph (1) by inserting "full" before "payment".
23	(b) Requirement To Review Partial Payment
24	AGREEMENTS EVERY Two Years.—Section 6159 of the In-
25	ternal Revenue Code of 1986 is amended by redesignating

- 1 subsections (d) and (e) as subsections (e) and (f), respec-
- 2 tively, and inserting after subsection (c) the following new
- 3 *subsection*:
- 4 "(d) Secretary Required To Review Install-
- 5 MENT AGREEMENTS FOR PARTIAL COLLECTION EVERY TWO
- 6 YEARS.—In the case of an agreement entered into by the
- 7 Secretary under subsection (a) for partial collection of a
- 8 tax liability, the Secretary shall review the agreement at
- 9 least once every 2 years.".
- 10 (c) Effective Date.—The amendments made by this
- 11 section shall apply to agreements entered into on or after
- 12 the date of the enactment of this Act.
- 13 SEC. 13. PROTECTION OF SOCIAL SECURITY.

Attest:

Secretary.

107TH CONGRESS H.R. 5557

AMENDMENT