

111TH CONGRESS
1ST SESSION

H. R. 154

To amend the Internal Revenue Code to exclude certain amounts of severance payments from gross income.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 2009

Mr. MCHUGH introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code to exclude certain amounts of severance payments from gross 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. SHORT TITLE.**

4 This Act may be cited as the “Workers Severance
5 Tax Reduction Act of 2009”.

6 **SEC. 2. EXCLUSION FROM INCOME OF SEVERANCE PAY-**
7 **MENT AMOUNTS.**

8 (a) IN GENERAL.—Part III of subchapter B of chap-
9 ter 1 of the Internal Revenue Code of 1986 (relating to

1 items specifically excluded from gross income) is amended
2 by inserting after section 139B the following new section:

3 **“SEC. 139C. SEVERANCE PAYMENTS.**

4 “(a) IN GENERAL.—In the case of an individual,
5 gross income shall not include any qualified severance pay-
6 ment.

7 “(b) LIMITATION.—The amount to which the exclu-
8 sion under subsection (a) applies shall not exceed \$40,000
9 with respect to each separation from employment de-
10 scribed in subsection (c)(1)(B).

11 “(c) QUALIFIED SEVERANCE PAYMENT.—For pur-
12 poses of this section—

13 “(1) IN GENERAL.—The term ‘qualified sever-
14 ance payment’ means any payment received by an
15 individual if—

16 “(A) such payment was paid by such indi-
17 vidual’s employer on account of such individ-
18 ual’s separation from employment, and

19 “(B) such separation was in connection
20 with a reduction in the work force of the em-
21 ployer.

22 “(2) LIMITATION.—Such term shall not include
23 any payment received by an individual if the aggre-
24 gate payments received with respect to the separa-
25 tion from employment exceed \$150,000.

1 “(d) TERMINATION.—This section shall not apply to
2 any payment for a separation from employment occurring
3 after December 31, 2010.”.

4 (b) CLERICAL AMENDMENT.—The table of sections
5 for part III of subchapter B of chapter 1 of such Code
6 is amended by inserting after the item relating to section
7 139B the following new item:

“Sec. 139C. Severance payments.”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to payments made for separations
10 from employment occurring after December 31, 2007.

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