



Joint Committee on Taxation  
October 28, 2003  
JCX-97-03

## **TECHNICAL EXPLANATION OF THE REVENUE PROVISIONS OF H.R. 3365, THE “FALLEN PATRIOTS TAX RELIEF ACT”<sup>1</sup>**

### **A. Exclusion from Gross Income of Certain Death Gratuity Payments (sec. 4 of the bill and sec. 134 of the Code)**

#### **Present Law**

Present law provides that qualified military benefits are not included in gross income. Generally, a qualified military benefit is any allowance or in-kind benefit (other than personal use of a vehicle) which: (1) is received by any member or former member of the uniformed services of the United States or any dependent of such member by reason of such member's status or service as a member of such uniformed services; and (2) was excludable from gross income on September 9, 1986, under any provision of law, regulation, or administrative practice which was in effect on such date. Generally, other than certain cost of living adjustments, no modification or adjustment of any qualified military benefit after September 9, 1986, is taken into account for purposes of this exclusion from gross income. Qualified military benefits include certain death gratuities. The amount of the death gratuity military benefit was increased to \$6,000 in 1991 but the amount of the exclusion from gross income was not increased to take into account this change.

#### **Explanation of Provision**

The bill extends the exclusion from gross income to any adjustment to the amount of the death gratuity payable under Chapter 75 of Title 10 of the United States Code that is pursuant to a provision of law enacted on or before the date of enactment of this Act, with respect to the death of certain members of the Armed services on active duty, inactive duty training, or engaged in authorized travel.<sup>2</sup> Therefore, the amount of the exclusion is increased to \$12,000.

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<sup>1</sup> This document may be cited as follows: Joint Committee on Taxation, *Technical Explanation of the Revenue Provisions of H.R. 3365, the “Fallen Patriots Tax Relief Act”* (JCX-97-03), October 28, 2003.

<sup>2</sup> The Fallen Patriots Tax Relief Act also increases the amount of the death gratuity payable under Chapter 75 of Title 10 of the United States Code to \$12,000.

**Effective Date**

The provision is effective with respect to deaths occurring after September 10, 2001.