

In the House of Representatives, U. S.,

June 12, 2003.

Resolved, That the House agree to the amendments of the Senate to the bill (H.R. 1308) entitled “An Act to amend the Internal Revenue Code of 1986 to end certain abusive tax practices, to provide tax relief and simplification, and for other purposes”, with the following

HOUSE AMENDMENTS TO SENATE AMENDMENTS:

In lieu of the matter proposed to be inserted by the amendment of the Senate to the text of the bill, insert the following:

1 ***SECTION 1. SHORT TITLE, ETC.***

2 (a) *SHORT TITLE.*—*This Act may be cited as the “All-*
3 *American Tax Relief Act of 2003”.*

4 (b) *AMENDMENT OF 1986 CODE.*—*Except as otherwise*
5 *expressly provided, whenever in this Act an amendment or*
6 *repeal is expressed in terms of an amendment to, or repeal*
7 *of, a section or other provision, the reference shall be consid-*
8 *ered to be made to a section or other provision of the Inter-*
9 *nal Revenue Code of 1986.*

10 (c) *TABLE OF CONTENTS.*—

Sec. 1. Short title, etc.

TITLE I—CHILD TAX CREDIT

Sec. 101. Expansion of child tax credit.

TITLE II—ARMED FORCES TAX FAIRNESS

Sec. 201. Special rule for members of uniformed services and Foreign Service in determining exclusion of gain from sale of principal residence.

Sec. 202. Restoration of full exclusion from gross income of death gratuity payment.

Sec. 203. Exclusion for amounts received under Department of Defense homeowners assistance program.

Sec. 204. Expansion of combat zone filing rules to contingency operations.

Sec. 205. Modification of membership requirement for exemption from tax for certain veterans' organizations.

Sec. 206. Clarification of the treatment of certain dependent care assistance programs.

Sec. 207. Clarification relating to exception from additional tax on certain distributions from qualified tuition programs, etc., on account of attendance at military academy.

Sec. 208. Above-the-line deduction for overnight travel expenses of National Guard and Reserve members.

TITLE III—SUSPENSION OF TAX-EXEMPT STATUS OF TERRORIST ORGANIZATIONS

Sec. 301. Suspension of tax-exempt status of terrorist organizations.

TITLE IV—RELIEF FOR ASTRONAUTS

Sec. 401. Tax relief and assistance for families of astronauts who lose their lives on a space mission.

1 ***TITLE I—CHILD TAX CREDIT***

2 ***SEC. 101. EXPANSION OF CHILD TAX CREDIT.***

3 (a) *CREDIT REFUNDABILITY.*—Clause (i) of section
4 24(d)(1)(B) (relating to portion of credit refundable) is
5 amended by striking “(10 percent in the case of taxable
6 years beginning before January 1, 2005)”.

7 (b) *INCREASE IN CREDIT THROUGH 2010.*—Subsection
8 (a) of section 24 (relating to child tax credit) is amended
9 to read as follows:

10 “(a) *ALLOWANCE OF CREDIT.*—There shall be allowed
11 as a credit against the tax imposed by this chapter for the

1 taxable year with respect to each qualifying child of the tax-
2 payer an amount equal to \$1,000.”

3 (c) *REMOVAL OF MARRIAGE PENALTY IN PHASEOUT*
4 *THRESHOLDS.*—Paragraph (2) of section 24(b) is amended
5 to read as follows:

6 “(2) *THRESHOLD AMOUNT.*—For purposes of
7 paragraph (1), the term ‘threshold amount’ means
8 \$75,000 (\$150,000 in the case of a joint return).”

9 (d) *EFFECTIVE DATE.*—The amendments made by this
10 section shall apply to taxable years beginning after Decem-
11 ber 31, 2002.

12 (e) *APPLICATION OF EGTRRA SUNSET.*—Each
13 amendment made by this section shall be subject to title
14 IX of the Economic Growth and Tax Relief Reconciliation
15 Act of 2001 to the same extent and in the same manner
16 as section 201 of such Act.

17 **TITLE II—ARMED FORCES TAX**
18 **FAIRNESS**

19 **SEC. 201. SPECIAL RULE FOR MEMBERS OF UNIFORMED**
20 **SERVICES AND FOREIGN SERVICE IN DETER-**
21 **MINING EXCLUSION OF GAIN FROM SALE OF**
22 **PRINCIPAL RESIDENCE.**

23 (a) *IN GENERAL.*—Subsection (d) of section 121 (relat-
24 ing to exclusion of gain from sale of principal residence)

1 *is amended by adding at the end the following new para-*
2 *graph:*

3 “(10) *MEMBERS OF UNIFORMED SERVICES AND*
4 *FOREIGN SERVICE.—*

5 “(A) *IN GENERAL.—At the election of an*
6 *individual with respect to a property, the run-*
7 *ning of the 5-year period referred to in sub-*
8 *sections (a) and (c)(1)(B) and paragraph (7) of*
9 *this subsection with respect to such property*
10 *shall be suspended during any period that such*
11 *individual or such individual’s spouse is serving*
12 *on qualified official extended duty as a member*
13 *of the uniformed services or as a member of the*
14 *Foreign Service.*

15 “(B) *MAXIMUM PERIOD OF SUSPENSION.—*
16 *Such 5-year period shall not be extended more*
17 *than 5 years by reason of subparagraph (A).*

18 “(C) *QUALIFIED OFFICIAL EXTENDED*
19 *DUTY.—For purposes of this paragraph—*

20 “(i) *IN GENERAL.—The term ‘qualified*
21 *official extended duty’ means any extended*
22 *duty while serving at a duty station which*
23 *is at least 150 miles from such property or*
24 *while residing under Government orders in*
25 *Government quarters.*

1 “(ii) *UNIFORMED SERVICES.*—*The*
2 *term ‘uniformed services’ has the meaning*
3 *given such term by section 101(a)(5) of title*
4 *10, United States Code, as in effect on the*
5 *date of the enactment of this paragraph.*

6 “(iii) *FOREIGN SERVICE.*—*The term*
7 *‘member of the Foreign Service’ has the*
8 *meaning given the term ‘member of the*
9 *Service’ by paragraph (1), (2), (3), (4), or*
10 *(5) of section 103 of the Foreign Service Act*
11 *of 1980, as in effect on the date of the enact-*
12 *ment of this paragraph.*

13 “(iv) *EXTENDED DUTY.*—*The term ‘ex-*
14 *tended duty’ means any period of active*
15 *duty pursuant to a call or order to such*
16 *duty for a period in excess of 180 days or*
17 *for an indefinite period.*

18 “(D) *SPECIAL RULES RELATING TO ELEC-*
19 *TION.*—

20 “(i) *ELECTION LIMITED TO 1 PROP-*
21 *ERTY AT A TIME.*—*An election under sub-*
22 *paragraph (A) with respect to any property*
23 *may not be made if such an election is in*
24 *effect with respect to any other property.*

1 “(i) *REVOCATION OF ELECTION.*—An
2 election under subparagraph (A) may be re-
3 voked at any time.”.

4 (b) *EFFECTIVE DATE; SPECIAL RULE.*—

5 (1) *EFFECTIVE DATE.*—The amendment made by
6 this section shall take effect as if included in the
7 amendments made by section 312 of the Taxpayer Re-
8 lief Act of 1997.

9 (2) *WAIVER OF LIMITATIONS.*—If refund or cred-
10 it of any overpayment of tax resulting from the
11 amendment made by this section is prevented at any
12 time before the close of the 1-year period beginning on
13 the date of the enactment of this Act by the operation
14 of any law or rule of law (including *res judicata*),
15 such refund or credit may nevertheless be made or al-
16 lowed if claim therefor is filed before the close of such
17 period.

18 **SEC. 202. RESTORATION OF FULL EXCLUSION FROM GROSS**

19 ***INCOME OF DEATH GRATUITY PAYMENT.***

20 (a) *IN GENERAL.*—Paragraph (3) of section 134(b)
21 (relating to qualified military benefit) is amended by add-
22 ing at the end the following new subparagraph:

23 “(C) *EXCEPTION FOR DEATH GRATUITY AD-*
24 *JUSTMENTS MADE BY LAW.*—Subparagraph (A)
25 shall not apply to any adjustment to the amount

1 of death gratuity payable under chapter 75 of
2 title 10, United States Code, which is pursuant
3 to a provision of law enacted before December 31,
4 1991.”.

5 (b) *CONFORMING AMENDMENT.*—Section 134(b)(3)(A)
6 is amended by striking “subparagraph (B)” and inserting
7 “subparagraphs (B) and (C)”.

8 (c) *EFFECTIVE DATE.*—The amendments made by this
9 section shall apply with respect to deaths occurring after
10 September 10, 2001.

11 **SEC. 203. EXCLUSION FOR AMOUNTS RECEIVED UNDER DE-**
12 **PARTMENT OF DEFENSE HOMEOWNERS AS-**
13 **SISTANCE PROGRAM.**

14 (a) *IN GENERAL.*—Subsection (a) of section 132 (relat-
15 ing to certain fringe benefits) is amended by striking “or”
16 at the end of paragraph (6), by striking the period at the
17 end of paragraph (7) and inserting “, or” and by adding
18 at the end the following new paragraph:

19 “(8) qualified military base realignment and clo-
20 sure fringe.”.

21 (b) *QUALIFIED MILITARY BASE REALIGNMENT AND*
22 *CLOSURE FRINGE.*—Section 132 is amended by redesignig-
23 nating subsection (n) as subsection (o) and by inserting
24 after subsection (m) the following new subsection:

1 “(n) *QUALIFIED MILITARY BASE REALIGNMENT AND*
2 *CLOSURE FRINGE.*—

3 “(1) *IN GENERAL.*—*For purposes of this section,*
4 *the term ‘qualified military base realignment and clo-*
5 *sure fringe’ means 1 or more payments under the au-*
6 *thority of section 1013 of the Demonstration Cities*
7 *and Metropolitan Development Act of 1966 (42*
8 *U.S.C. 3374) (as in effect on the date of the enact-*
9 *ment of this subsection).*

10 “(2) *LIMITATION.*—*With respect to any property,*
11 *such term shall not include any payment referred to*
12 *in paragraph (1) to the extent that the sum of all*
13 *such payments related to such property exceeds the*
14 *amount described in clause (1) of subsection (c) of*
15 *such section (as in effect on such date).”.*

16 “(c) *EFFECTIVE DATE.*—*The amendments made by this*
17 *section shall apply to payments made after the date of the*
18 *enactment of this Act.*

19 **SEC. 204. EXPANSION OF COMBAT ZONE FILING RULES TO**
20 **CONTINGENCY OPERATIONS.**

21 “(a) *IN GENERAL.*—*Subsection (a) of section 7508 (re-*
22 *lating to time for performing certain acts postponed by rea-*
23 *son of service in combat zone) is amended—*

24 “(1) *by inserting ‘or when deployed outside the*
25 *United States away from the individual’s permanent*

1 *duty station while participating in an operation des-*
2 *ignated by the Secretary of Defense as a contingency*
3 *operation (as defined in section 101(a)(13) of title 10,*
4 *United States Code) or which became such a contin-*
5 *gency operation by operation of law” after “section*
6 *112”,*

7 (2) *by inserting in the first sentence “or at any*
8 *time during the period of such contingency operation”*
9 *after “for purposes of such section”,*

10 (3) *by inserting “or operation” after “such an*
11 *area”, and*

12 (4) *by inserting “or operation” after “such*
13 *area”.*

14 (b) *CONFORMING AMENDMENTS.—*

15 (1) *Section 7508(d) is amended by inserting “or*
16 *contingency operation” after “area”.*

17 (2) *The heading for section 7508 is amended by*
18 *inserting “**OR CONTINGENCY OPERATION**” after*
19 *“**COMBAT ZONE**”.*

20 (3) *The item relating to section 7508 in the table*
21 *of sections for chapter 77 is amended by inserting “or*
22 *contingency operation” after “combat zone”.*

23 (c) *EFFECTIVE DATE.—The amendments made by this*
24 *section shall apply to any period for performing an act*

1 *which has not expired before the date of the enactment of*
2 *this Act.*

3 **SEC. 205. MODIFICATION OF MEMBERSHIP REQUIREMENT**
4 **FOR EXEMPTION FROM TAX FOR CERTAIN**
5 **VETERANS' ORGANIZATIONS.**

6 (a) *IN GENERAL.*—Subparagraph (B) of section
7 501(c)(19) (relating to list of exempt organizations) is
8 amended by striking “or widowers” and inserting “, wid-
9 owers, ancestors, or lineal descendants”.

10 (b) *EFFECTIVE DATE.*—The amendments made by this
11 section shall apply to taxable years beginning after the date
12 of the enactment of this Act.

13 **SEC. 206. CLARIFICATION OF THE TREATMENT OF CERTAIN**
14 **DEPENDENT CARE ASSISTANCE PROGRAMS.**

15 (a) *IN GENERAL.*—Subsection (b) of section 134 (de-
16 fining qualified military benefit) is amended by adding at
17 the end the following new paragraph:

18 “(4) *CLARIFICATION OF CERTAIN BENEFITS.*—
19 *For purposes of paragraph (1), such term includes*
20 *any dependent care assistance program (as in effect*
21 *on the date of the enactment of this paragraph) for*
22 *any individual described in paragraph (1)(A).”.*

23 (b) *CONFORMING AMENDMENTS.*—

1 *an individual who performs services as a member of a re-*
2 *serve component of the Armed Forces of the United States*
3 *at any time during the taxable year, such individual shall*
4 *be deemed to be away from home in the pursuit of a trade*
5 *or business for any period during which such individual*
6 *is away from home in connection with such services.”.*

7 **(b) DEDUCTION ALLOWED WHETHER OR NOT TAX-**
8 **PAYER ELECTS TO ITEMIZE.**—*Paragraph (2) of section*
9 *62(a) (relating to certain trade and business deductions of*
10 *employees) is amended by adding at the end the following*
11 *new subparagraph:*

12 **“(E) CERTAIN EXPENSES OF MEMBERS OF**
13 **RESERVE COMPONENTS OF THE ARMED FORCES**
14 **OF THE UNITED STATES.**—*The deductions al-*
15 *lowed by section 162 which consist of expenses,*
16 *not in excess of \$1,500, paid or incurred by the*
17 *taxpayer in connection with the performance of*
18 *services by such taxpayer as a member of a re-*
19 *serve component of the Armed Forces of the*
20 *United States for any period during which such*
21 *individual is more than 100 miles away from*
22 *home in connection with such services.”.*

23 **(c) EFFECTIVE DATE.**—*The amendments made by this*
24 *section shall apply to amounts paid or incurred in taxable*
25 *years beginning after December 31, 2002.*

1 **TITLE III—SUSPENSION OF TAX-**
2 **EXEMPT STATUS OF TER-**
3 **RORIST ORGANIZATIONS**

4 **SEC. 301. SUSPENSION OF TAX-EXEMPT STATUS OF TER-**
5 **RORIST ORGANIZATIONS.**

6 (a) *IN GENERAL.*—Section 501 (relating to exemption
7 from tax on corporations, certain trusts, etc.) is amended
8 by redesignating subsection (p) as subsection (q) and by in-
9 serting after subsection (o) the following new subsection:

10 “(p) *SUSPENSION OF TAX-EXEMPT STATUS OF TER-*
11 *RORIST ORGANIZATIONS.*—

12 “(1) *IN GENERAL.*—The exemption from tax
13 under subsection (a) with respect to any organization
14 described in paragraph (2), and the eligibility of any
15 organization described in paragraph (2) to apply for
16 recognition of exemption under subsection (a), shall
17 be suspended during the period described in para-
18 graph (3).

19 “(2) *TERRORIST ORGANIZATIONS.*—An organiza-
20 tion is described in this paragraph if such organiza-
21 tion is designated or otherwise individually
22 identified—

23 “(A) under section 212(a)(3)(B)(vi)(II) or
24 219 of the Immigration and Nationality Act as

1 *a terrorist organization or foreign terrorist orga-*
2 *nization,*

3 *“(B) in or pursuant to an Executive order*
4 *which is related to terrorism and issued under*
5 *the authority of the International Emergency*
6 *Economic Powers Act or section 5 of the United*
7 *Nations Participation Act of 1945 for the pur-*
8 *pose of imposing on such organization an eco-*
9 *nomical or other sanction, or*

10 *“(C) in or pursuant to an Executive order*
11 *issued under the authority of any Federal law*
12 *if—*

13 *“(i) the organization is designated or*
14 *otherwise individually identified in or pur-*
15 *suant to such Executive order as supporting*
16 *or engaging in terrorist activity (as defined*
17 *in section 212(a)(3)(B) of the Immigration*
18 *and Nationality Act) or supporting ter-*
19 *rorism (as defined in section 140(d)(2) of*
20 *the Foreign Relations Authorization Act,*
21 *Fiscal Years 1988 and 1989); and*

22 *“(ii) such Executive order refers to this*
23 *subsection.*

1 “(3) *PERIOD OF SUSPENSION.*—*With respect to*
2 *any organization described in paragraph (2), the pe-*
3 *riod of suspension—*

4 “(A) *begins on the later of—*

5 “(i) *the date of the first publication of*
6 *a designation or identification described in*
7 *paragraph (2) with respect to such organi-*
8 *zation, or*

9 “(ii) *the date of the enactment of this*
10 *subsection, and*

11 “(B) *ends on the first date that all designa-*
12 *tions and identifications described in paragraph*
13 *(2) with respect to such organization are re-*
14 *scinded pursuant to the law or Executive order*
15 *under which such designation or identification*
16 *was made.*

17 “(4) *DENIAL OF DEDUCTION.*—*No deduction*
18 *shall be allowed under section 170, 545(b)(2),*
19 *556(b)(2), 642(c), 2055, 2106(a)(2), or 2522 for any*
20 *contribution to an organization described in para-*
21 *graph (2) during the period described in paragraph*
22 *(3).*

23 “(5) *DENIAL OF ADMINISTRATIVE OR JUDICIAL*
24 *CHALLENGE OF SUSPENSION OR DENIAL OF DEDUC-*
25 *TION.*—*Notwithstanding section 7428 or any other*

1 *provision of law, no organization or other person may*
2 *challenge a suspension under paragraph (1), a des-*
3 *ignation or identification described in paragraph (2),*
4 *the period of suspension described in paragraph (3),*
5 *or a denial of a deduction under paragraph (4) in*
6 *any administrative or judicial proceeding relating to*
7 *the Federal tax liability of such organization or other*
8 *person.*

9 “(6) *ERRONEOUS DESIGNATION.*—

10 “(A) *IN GENERAL.*—If—

11 “(i) *the tax exemption of any organi-*
12 *zation described in paragraph (2) is sus-*
13 *pending under paragraph (1),*

14 “(ii) *each designation and identifica-*
15 *tion described in paragraph (2) which has*
16 *been made with respect to such organization*
17 *is determined to be erroneous pursuant to*
18 *the law or Executive order under which*
19 *such designation or identification was*
20 *made, and*

21 “(iii) *the erroneous designations and*
22 *identifications result in an overpayment of*
23 *income tax for any taxable year by such or-*
24 *ganization,*

1 *credit or refund (with interest) with respect to*
2 *such overpayment shall be made.*

3 “(B) *WAIVER OF LIMITATIONS.*—*If the cred-*
4 *it or refund of any overpayment of tax described*
5 *in subparagraph (A)(iii) is prevented at any*
6 *time by the operation of any law or rule of law*
7 *(including res judicata), such credit or refund*
8 *may nevertheless be allowed or made if the claim*
9 *therefor is filed before the close of the 1-year pe-*
10 *riod beginning on the date of the last determina-*
11 *tion described in subparagraph (A)(ii).*

12 “(7) *NOTICE OF SUSPENSIONS.*—*If the tax ex-*
13 *emption of any organization is suspended under this*
14 *subsection, the Internal Revenue Service shall update*
15 *the listings of tax-exempt organizations and shall*
16 *publish appropriate notice to taxpayers of such sus-*
17 *pension and of the fact that contributions to such or-*
18 *ganization are not deductible during the period of*
19 *such suspension.”.*

20 “(b) *EFFECTIVE DATE.*—*The amendments made by this*
21 *section shall apply to designations made before, on, or after*
22 *the date of the enactment of this Act.*

1 **TITLE IV—RELIEF FOR**
2 **ASTRONAUTS**

3 **SEC. 401. TAX RELIEF AND ASSISTANCE FOR FAMILIES OF**
4 **ASTRONAUTS WHO LOSE THEIR LIVES ON A**
5 **SPACE MISSION.**

6 (a) *INCOME TAX RELIEF.*—

7 (1) *IN GENERAL.*—*Subsection (d) of section 692*
8 *(relating to income taxes of members of Armed Forces*
9 *and victims of certain terrorist attacks on death) is*
10 *amended by adding at the end the following new*
11 *paragraph:*

12 “(5) *RELIEF WITH RESPECT TO ASTRONAUTS.*—
13 *The provisions of this subsection shall apply to any*
14 *astronaut whose death occurs while on a space mis-*
15 *sion, except that paragraph (3)(B) shall be applied by*
16 *using the date of the death of the astronaut rather*
17 *than September 11, 2001.”.*

18 (2) *CONFORMING AMENDMENTS.*—

19 (A) *Section 5(b)(1) is amended by inserting*
20 *“, astronauts,” after “Forces”.*

21 (B) *Section 6013(f)(2)(B) is amended by*
22 *inserting “, astronauts,” after “Forces”.*

23 (3) *CLERICAL AMENDMENTS.*—

1 (A) *The heading of section 692 is amended*
2 *by inserting “, **ASTRONAUTS,**” after*
3 *“**FORCES**”.*

4 (B) *The item relating to section 692 in the*
5 *table of sections for part II of subchapter J of*
6 *chapter 1 is amended by inserting “, astro-*
7 *nauts,” after “Forces”.*

8 (4) *EFFECTIVE DATE.—The amendments made*
9 *by this subsection shall apply with respect to any as-*
10 *tronaut whose death occurs after December 31, 2002.*

11 (b) *DEATH BENEFIT RELIEF.—*

12 (1) *IN GENERAL.—Subsection (i) of section 101*
13 *(relating to certain death benefits) is amended by*
14 *adding at the end the following new paragraph:*

15 “*(4) RELIEF WITH RESPECT TO ASTRONAUTS.—*
16 *The provisions of this subsection shall apply to any*
17 *astronaut whose death occurs while on a space mis-*
18 *sion.”.*

19 (2) *CLERICAL AMENDMENT.—The heading for*
20 *subsection (i) of section 101 is amended by inserting*
21 *“OR ASTRONAUTS” after “VICTIMS”.*

22 (3) *EFFECTIVE DATE.—The amendments made*
23 *by this subsection shall apply to amounts paid after*
24 *December 31, 2002, with respect to deaths occurring*
25 *after such date.*

1 (c) *ESTATE TAX RELIEF.*—

2 (1) *IN GENERAL.*—Subsection (b) of section 2201
3 (defining qualified decedent) is amended by striking
4 “and” at the end of paragraph (1)(B), by striking the
5 period at the end of paragraph (2) and inserting “,
6 and”, and by adding at the end the following new
7 paragraph:

8 “(3) any astronaut whose death occurs while on
9 a space mission.”.

10 (2) *CLERICAL AMENDMENTS.*—

11 (A) The heading of section 2201 is amended
12 by inserting “, **DEATHS OF ASTRONAUTS,**”
13 after “**FORCES**”.

14 (B) The item relating to section 2201 in the
15 table of sections for subchapter C of chapter 11
16 is amended by inserting “, deaths of astronauts,”
17 after “Forces”.

18 (3) *EFFECTIVE DATE.*—The amendments made
19 by this subsection shall apply to estates of decedents
20 dying after December 31, 2002.

In lieu of the matter inserted by the Senate to the title of the bill, insert the following: “An Act to amend the Internal Revenue Code of 1986 to enhance fairness in the internal revenue laws, and for other purposes.”.

Attest:

Clerk.

108TH CONGRESS
1ST SESSION

H.R. 1308

**HOUSE AMENDMENTS TO
SENATE AMENDMENTS**