

104TH CONGRESS
1ST SESSION

H. R. 1469

To amend the Internal Revenue Code of 1986 to clarify the tax treatment of certain contributions made pursuant to veterans' reemployment.

IN THE HOUSE OF REPRESENTATIVES

APRIL 7, 1995

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

A BILL

To amend the Internal Revenue Code of 1986 to clarify the tax treatment of certain contributions made pursuant to veterans' reemployment.

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. TREATMENT OF CERTAIN CONTRIBUTIONS**
4 **MADE PURSUANT TO VETERANS' REEMPLOY-**
5 **MENT RIGHTS.**

6 (a) IN GENERAL.—Section 414 of the Internal Reve-
7 nue Code of 1986 is amended by adding at the end the
8 following new subsection:

9 “(u) SPECIAL RULES RELATING TO VETERANS' RE-
10 EMPLOYMENT RIGHTS.—

1 “(1) TREATMENT OF CERTAIN REQUIRED CON-
2 TRIBUTIONS.—If any contribution is made by an
3 employer under an individual account plan with re-
4 spect to an employee and such contribution is re-
5 quired by reason of such employee’s rights under
6 chapter 43 of title 38, United States Code, resulting
7 from qualified military service—

8 “(A) such contribution shall not be subject
9 to any otherwise applicable limitation contained
10 in section 402(g), 403(b), 404(a), 408, 415, or
11 457, and

12 “(B) such plan shall not be treated as fail-
13 ing to meet any requirement of this part or sec-
14 tion 457 by reason of the making of such con-
15 tribution and such contribution shall not be
16 taken into account in applying the limitations
17 referred to in subparagraph (A) to other con-
18 tributions.

19 For purposes of the preceding sentence, any addi-
20 tional elective deferral made under paragraph (2)
21 shall be treated as an employer contribution required
22 by reason of the employee’s rights under such chap-
23 ter 43.

24 “(2) REEMPLOYMENT RIGHTS WITH RESPECT
25 TO ELECTIVE DEFERRALS.—

1 “(A) IN GENERAL.—If an employee is enti-
2 tled to the benefits of chapter 43 of title 38,
3 United States Code, with respect to any plan
4 which provides for elective deferrals, such em-
5 ployer shall be treated as meeting the require-
6 ments of such chapter 43 with respect to such
7 elective deferrals if such employer—

8 “(i) permits such employee to make
9 additional elective deferrals under such
10 plan (in the amount determined under sub-
11 paragraph (B)) during the period which
12 begins on the date of the reemployment
13 and whose duration is the lesser of—

14 “(I) 5 years; or

15 “(II) 3 times the period of quali-
16 fied military service which resulted in
17 such rights; and

18 “(ii) makes a matching contribution
19 in respect of any additional elective defer-
20 ral made pursuant to clause (i) which
21 would have been required had such defer-
22 ral actually been made during the period of
23 such qualified military service.

24 “(B) AMOUNT OF MAKEUP REQUIRED.—

25 The amount determined under this subpara-

1 graph is the maximum amount of elective deferr-
2 rals that the individual would have been per-
3 mitted to make under the plan during his pe-
4 riod of qualified military service if he had con-
5 tinued to be employed by the employer during
6 such period and received compensation at the
7 rate computed in accordance with section
8 4318(b)(3) of title 38. Proper adjustment shall
9 be made to the amount determined under the
10 preceding sentence for any elective deferrals ac-
11 tually made during the period of such qualified
12 military service.

13 “(C) ELECTIVE DEFERRAL.—For purposes
14 of this paragraph, the term ‘elective deferral’
15 has the meaning given to such term by section
16 402(g)(3); except that such term shall include
17 any deferral of compensation under an eligible
18 deferred compensation plan (as defined in sec-
19 tion 457(b)).

20 “(3) LOAN REPAYMENT SUSPENSIONS PER-
21 MITTED.—If any plan suspends the repayment of
22 any loan made to an individual for the period while
23 such individual is performing qualified military serv-
24 ice, such suspension shall not be taken into account
25 for purposes of section 72(p).

1 “(4) QUALIFIED MILITARY SERVICE.—For pur-
2 poses of this subsection, the term ‘qualified military
3 service’ means any service in the uniformed services
4 (as defined in chapter 43 of title 38, United States
5 Code) by any individual if such individual is entitled
6 to reemployment rights under such chapter 43, with
7 respect to such service.

8 “(5) INDIVIDUAL ACCOUNT PLAN.—For pur-
9 poses of this subsection, the term ‘individual account
10 plan’ means any defined contribution plan and any
11 eligible deferred compensation plan (as defined in
12 section 457(b)).”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 subsection (a) shall take effect as of September 2, 1974,
15 and shall apply to plans as if such amendment were en-
16 acted on such date as part of section 414 of the Internal
17 Revenue Code of 1954.

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