

107TH CONGRESS  
1ST SESSION

# H. R. 147

To amend the Internal Revenue Code of 1986 to exclude certain severance payment amounts from income.

---

IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 2001

Mr. PASCRELL 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 exclude certain severance payment amounts from 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 “Layoff Tax Relief Act  
5 of 2001”.

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  
10 items specifically excluded from gross income) is amended

1 by redesignating section 139 as section 140 and by insert-  
2 ing after section 138 the following new section:

3 **“SEC. 139. 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 \$2,500  
9 with respect to each separation from employment de-  
10 scribed in subsection (c)(2).

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       (b) CLERICAL AMENDMENT.—The table of sections  
2 for part III of subchapter B of chapter 1 of such Code  
3 is amended by striking the item relating to section 139  
4 and inserting the following new items:

“Sec. 139. Severance payments.

“Sec. 140. Cross references to other Acts.”.

5       (c) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to taxable years beginning after  
7 December 31, 2000.

○