

112TH CONGRESS
2^D SESSION

H. R. 6341

To amend the Internal Revenue Code of 1986 to allow a partial exclusion under section 911 for foreign earned income of employees of United States Government contractors who do not fulfill their foreign country residency requirements by reason of an Armed Forces troop reduction or similar cause beyond the employer's control.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 2012

Mr. PALAZZO 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 allow a partial exclusion under section 911 for foreign earned income of employees of United States Government contractors who do not fulfill their foreign country residency requirements by reason of an Armed Forces troop reduction or similar cause beyond the employer's control.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. PARTIAL SECTION 911 EXCLUSION FOR EM-**
2 **PLOYEES OF UNITED STATES GOVERNMENT**
3 **CONTRACTORS.**

4 (a) IN GENERAL.—Subsection (d) of section 911 of
5 the Internal Revenue Code of 1986 (relating to definitions
6 and special rules) is amended by redesignating paragraphs
7 (5) through (9) as paragraphs (6) through (10), respec-
8 tively, and by inserting after paragraph (4) the following
9 new paragraph:

10 “(5) WAIVER OF PERIOD OF STAY IN FOREIGN
11 COUNTRY ON ACCOUNT OF TERMINATION OF DE-
12 FENSE CONTRACT, ETC.—

13 “(A) IN GENERAL.—The requirements of
14 paragraph (4)(B) shall be treated as met by an
15 employee of a United States Government con-
16 tractor who, before meeting the requirements of
17 paragraph (1), leaves the foreign country re-
18 ferred to in paragraph (4)(A) as a direct result
19 of—

20 “(i) a reduction in the number of per-
21 sonnel serving in a combat zone in such
22 country as members of the Armed Forces
23 of the United States,

24 “(ii) a termination of the contract
25 under which such contractor is performing
26 services in a combat zone in such country

1 or in direct support of operations of the
2 Armed Forces of the United States in a
3 combat zone in such country, or

4 “(iii) the termination of such employ-
5 ee’s employment with the contractor on ac-
6 count of either of the foregoing.

7 “(B) UNITED STATES GOVERNMENT CON-
8 TRACTOR.—For purposes of subparagraph (A),
9 the term ‘United States Government contractor’
10 means any person who is performing services in
11 a foreign country directly or indirectly pursuant
12 to a contract with the United States.

13 “(C) EMPLOYEE.—For purposes of sub-
14 subparagraph (A), the term ‘employee’ includes an
15 employee within the meaning of section
16 401(c)(1).

17 “(D) COMBAT ZONE.—For purposes of this
18 paragraph, the term ‘combat zone’ has the
19 meaning given such term by section 112(c)(2).

20 “(E) APPLICATION OF PARAGRAPH.—This
21 paragraph shall apply to employees who leave
22 the foreign country referred to in paragraph
23 (4)(A) after December 31, 2011.”.

24 (b) CLERICAL AMENDMENT.—The heading for para-
25 graph (4) of section 911(d) of such Code is amended by

1 inserting “ON ACCOUNT OF WAR, CIVIL UNREST, ETC”
2 after “FOREIGN COUNTRY”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years ending after De-
5 cember 31, 2011.

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