

108TH CONGRESS
1ST SESSION

S. 284

To amend the Internal Revenue Code of 1986 to provide a special rule for members of the uniformed services and the Foreign Service in determining the exclusion of gain from the sale of a principal residence.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 4, 2003

Mr. McCAIN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a special rule for members of the uniformed services and the Foreign Service in determining the exclusion of gain from the sale of a principal residence.

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. EXCLUSION OF GAIN FROM SALE OF A PRIN-**

4 **CIPAL RESIDENCE BY A MEMBER OF THE**

5 **UNIFORMED SERVICES OR THE FOREIGN**

6 **SERVICE.**

7 (a) IN GENERAL.—Subsection (d) of section 121 of

8 the Internal Revenue Code of 1986 (relating to exclusion

1 of gain from sale of principal residence) is amended by
2 redesignating paragraph (9) as paragraph (10) and by in-
3 serting after paragraph (8) the following new paragraph:

4 “(9) MEMBERS OF UNIFORMED SERVICES AND
5 FOREIGN SERVICE.—

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

16 “(B) MAXIMUM PERIOD OF SUSPENSION.—
17 The 5-year period described in subsection (a)
18 shall not be extended more than 10 years by
19 reason of subparagraph (A).

20 “(C) QUALIFIED OFFICIAL EXTENDED
21 DUTY.—For purposes of this paragraph—

22 “(i) IN GENERAL.—The term ‘quali-
23 fied official extended duty’ means any ex-
24 tended duty while serving at a duty station
25 which is at least 50 miles from such prop-

1 erty or while residing under Government
2 orders in Government quarters.

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

9 “(iii) FOREIGN SERVICE OF THE
10 UNITED STATES.—The term ‘member of
11 the Foreign Service of the United States’
12 has the meaning given the term ‘member
13 of the Service’ by paragraph (1), (2), (3),
14 (4), or (5) of section 103 of the Foreign
15 Service Act of 1980, as in effect on the
16 date of the enactment of this paragraph.

17 “(iv) EXTENDED DUTY.—The term
18 ‘extended duty’ means any period of active
19 duty pursuant to a call or order to such
20 duty for a period in excess of 90 days or
21 for an indefinite period.

22 “(D) SPECIAL RULES RELATING TO ELEC-
23 TION.—

24 “(i) ELECTION LIMITED TO 1 PROP-
25 ERTY AT A TIME.—An election under sub-

1 paragraph (A) with respect to any property
2 may not be made if such an election is in
3 effect with respect to any other property.

4 “(ii) REVOCATION OF ELECTION.—An
5 election under subparagraph (A) may be
6 revoked at any time.”.

7 (b) EFFECTIVE DATE; SPECIAL RULE.—

8 (1) EFFECTIVE DATE.—The amendments made
9 by this section shall take effect as if included in the
10 amendments made by section 312 of the Taxpayer
11 Relief Act of 1997.

12 (2) WAIVER OF LIMITATIONS.—If refund or
13 credit of any overpayment of tax resulting from the
14 amendments made by this section is prevented at
15 any time before the close of the 1-year period begin-
16 ning on the date of the enactment of this Act by the
17 operation of any law or rule of law (including res ju-
18 dicata), such refund or credit may nevertheless be
19 made or allowed if claim therefor is filed before the
20 close of such period.

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