



Joint Committee on Taxation
February 26, 2003
JCX-12-03

**DESCRIPTION OF CHAIRMAN'S AMENDMENT
IN THE NATURE OF A SUBSTITUTE
TO H.R. 878, THE "ARMED FORCES TAX FAIRNESS ACT OF 2003"¹
SCHEDULED FOR A MARKUP BY THE
HOUSE COMMITTEE ON WAYS AND MEANS ON FEBRUARY 27, 2003²**

The Chairman's amendment in the nature of a substitute to H.R. 878 incorporates the provisions of H.R. 878, with the following modification.

1. Exclusion of gain on sale of a principal residence by a member of the uniformed services or the foreign service

The Chairman's amendment in the nature of a substitute clarifies that the suspension of the five-year period for a maximum of five years applies for purposes of the present-law rules relating to (1) sale or exchange of a principal residence by reason of a change in place of employment, health, or (to the extent provided in regulations) unforeseen circumstances, and (2) the case in which an individual becomes physically or mentally incapable of self-care and resides in a licensed facility such as a nursing home licensed to care for an individual in the such a condition.

¹ A description of the provisions of the "Armed Forces Tax Fairness Act of 2003" is contained in Joint Committee on Taxation, *Description of the Chairman's Mark of H.R. 878, the "Armed Forces Tax Fairness Act of 2003"* (JCX-11-03), February 26, 2003.

² This document may be cited as follows: Joint Committee on Taxation, *Description of Chairman's Amendment in the Nature of a Substitute to H.R. 878, the "Armed Forces Tax Fairness Act of 2003" Scheduled for a Markup by the House Committee on Ways and Means on February 27, 2003* (JCX-12-03), February 26, 2003.