

**DESCRIPTION OF THE CHAIRMAN'S MARK OF A PROPOSAL  
TO TRUNCATE THE COLLECTION PERIOD FOR TAXPAYERS  
HOSPITALIZED FOR COMBAT ZONE INJURIES**

Scheduled for Markup  
by the  
SENATE COMMITTEE ON FINANCE  
on February 11, 2015

Prepared by the Staff  
of the  
JOINT COMMITTEE ON TAXATION



February 9, 2015  
JCX-23-15

## CONTENTS

	<u>Page</u>
INTRODUCTION .....	1
A. Truncate the Collection Period for Taxpayers Hospitalized for Combat Zone Injuries .....	2
B. Estimated Revenue Effects .....	3

## INTRODUCTION

The Senate Committee on Finance has scheduled a committee markup on February 11, 2015, of a proposal to truncate the collection period for taxpayers hospitalized for combat zone injuries. This document,<sup>1</sup> prepared by the staff of the Joint Committee on Taxation, provides a description of the bill.

---

<sup>1</sup> This document may be cited as follows: Joint Committee on Taxation, *Description of the Chairman's Mark of a Proposal to Truncate the Collection Period for Taxpayers Hospitalized for Combat Zone Injuries* (JCX-23-15), February 9, 2015. This document can also be found on the Joint Committee on Taxation website at [www.jct.gov](http://www.jct.gov).

## **A. Truncate the Collection Period for Taxpayers Hospitalized for Combat Zone Injuries**

### **Present Law**

The Code provides active duty military and civilians in designated combat zones additional time in which to file tax returns, pay tax liabilities and take other actions required in order to comply with their tax obligations.<sup>2</sup> A commensurate amount of time is provided for the IRS to complete actions required with respect to assessment and collection of the obligations of such active duty military and civilian taxpayers. The additional time provided equals the actual time in duty status, which includes hospitalization resulting from service, plus 180 days. In other words, in determining how much time remains in which to perform a task required by the Code, both the taxpayer and the IRS may disregard the period of active duty.

The Code provides that collection activities generally may only occur within ten years after assessment.<sup>3</sup> The effect of the provisions described above is to extend the 10-year collection period for combat zone taxpayers.

### **Description of Proposal**

Under the proposal, the collection period for taxpayers hospitalized for combat zone injuries is computed without regard to any period of continuous hospitalization or the 180 days after hospitalization. Accordingly, the collection period expires 10 years after assessment, plus the actual time spent in a combat zone, regardless of the length of the postponement period available for hospitalized taxpayers to comply with their tax obligations.

### **Effective Date**

The proposal is effective on date of enactment.

---

<sup>2</sup> Sec. 7508. Unless otherwise stated, all section references are to the Internal Revenue Code of 1986, as amended (the "Code").

<sup>3</sup> Sec. 6502.

## **B. Estimated Revenue Effects**

The proposal is estimated to reduce Federal fiscal year budget receipts by less than \$500,000 for the period 2015-2025.