

Mahoney Marks Memorial Day By Giving Vets Tax Relief and Opportunity for Homeownership

Bipartisan HEART Act Puts Veterans First

(May 20, 2008)

(Washington, DC) - Today, Congressman Tim Mahoney (FL-16) joined with his colleagues to support the bipartisan Heroes Earnings Assistance and Relief Tax Act (HEART Act), which would provide essential permanent tax relief for our military families, incentives to ensure that reservists called up for active duty do not receive a pay cut, and expanded homeownership opportunities for veterans. The legislation passed the House and moves to the Senate for consideration.

"Just as soldiers vow to never leave a soldier behind on the battlefield, America must never leave our veterans behind here at home. At a time of skyrocketing costs and a stagnant economy, the HEART Act puts our Veterans and their families first, recognizing their sacrifices," said Congressman Mahoney. "While this is a promising step forward, I will continue my fight to ensure that our veterans receive the quality health care and benefits that they have earned."

Today, the House also passed a legislative package of bills to address the health care needs of veterans, authorize major medical facility construction projects, and provide a cost-of-living adjustment for service-connected disability compensation rates for veterans, among others.

The HEART Act will provide \$2 billion in tax relief to military families to alleviate some of the significant economic hardships created by extended military deployments in Iraq and Afghanistan.

Heroes Earnings Assistance and Relief Tax Act (H.R. 6081)

Make tax relief for families of soldiers in combat under the EITC permanent. The bill makes permanent current law to include combat pay as earned income for purposes of the Earned Income Tax Credit (EITC). At the end of the year, soldiers' families working to get into the middle class will be denied needed tax relief if combat pay is not counted for purposes of receiving the Earned Income Tax Credit.

Make sure that reservists called up for active duty do not suffer a pay cut. Provides a tax credit of up to \$4,000 for small businesses who continue to pay their National Guard and Reserve employees when they are called up to serve. According to a DOD survey, 55 percent of married Guard members and reservists suffer a loss of income when being called to active duty.

Recovery rebates for military families. The bill clarifies that a military service member on active duty who files a joint return is eligible for a recovery rebate, even if their spouse does not have a Social Security number.

Make it easier for veterans to become homeowners. The bill would make thousands of veterans eligible for low-interest loans by making changes to the qualified mortgage bond programs used to help veterans achieve homeownership.

Make permanent other tax provisions to relieve economic hardships for military families. For example, the bill makes permanent IRS provisions to:

- - permit active duty reservists to make penalty-free withdrawals from retirement plans;
 - permit an employer to make contributions to a qualified retirement plan on behalf of an employee killed or disabled in combat;
- - count extra pay for active duty military personnel from their previous civilian employer for retirement purposes; and permit recipients of military death benefit gratuities to roll over the amounts received, tax-free, to a Roth IRA or an Education Savings Account, among others.

The bill is supported by the American Legion, National Military Family Association, National Association of State Departments of Veterans Affairs, and the Blinded Veterans Association.

Fully paid for by going after expatriates and federal contractors going offshore seeking to avoid US taxes.

Stops tax benefits for Americans who renounce their citizenship.

The bill strengthens current law to ensure that high net-worth taxpayers cannot renounce their U.S. citizenship or terminate their U.S. residence in order to avoid U.S. taxes.

The bill would require that individuals that renounce their citizenship or terminate their long-term residency recognize income as if they had sold all of their assets on the date of expatriation. Such individuals will be required to pay taxes on income to the extent it exceeds \$600,000.

Closes Offshore Tax Loopholes for Federal Contractors (H.R. 5602).

This provision would close a loophole that allows government contractors, who receive millions or billions in taxpayers' dollars, to set up sham companies in foreign jurisdictions to avoid paying Social Security and Medicare taxes. The bill would require that U.S. parent companies of subcontractors that are incorporated in tax havens pay employment taxes on behalf of U.S. employees employed by those shell companies incorporated in tax haven jurisdictions. Defense contractor KBR, which has received millions in taxpayer dollars through its Iraq contracts, has reportedly avoided paying its fair share of Social Security and Medicare taxes by creating shell companies in the Cayman Islands. This loophole has recently allowed the defense contractor KBR Inc. to fleece the American taxpayer by almost \$100 million a year, while shirking their obligation to Americans working abroad and preventing these workers from qualifying for Social Security and Medicare.

Veterans Health Care and Cost of Living Increase

Highlights of the 10 veterans bills the House considered today include:

Veterans Substance Abuse Treatment (H.R. 5554)- To expand and improve health care services available to veterans from the Department of Veterans Affairs for substance use disorders -- requiring the VA to provide the full continuum of care for substance use disorders at every VA medical center. Of the approximately 300,000 veterans from Operations Enduring and Iraqi Freedom who have accessed VA health care, nearly 50,000 have been diagnosed with a substance use disorder.

VA Medical Construction (H.R. 5856)- To authorize major medical facility projects and major medical facility leases for the Department of Veterans Affairs for fiscal year 2009.

Veterans Emergency Care Reimbursement (H.R. 3819) - To require the Secretary of Veterans Affairs to reimburse veterans receiving emergency treatment in non-Department of Veterans Affairs facilities.

Spina Bifida Care for Vietnam Veterans Children (H.R. 5729) - To direct the Secretary of Veterans Affairs to provide comprehensive health care to children of Vietnam veterans born with Spina Bifida.

Veterans Cost of Living Increase (H.R. 5826) -Provides a cost of living increase for veterans' disability benefits and to dependency and indemnity compensation for veterans' families, effective December 1, 2008. The cost-of-living increase is based on the cost-of-living adjustment made annually for Social Security payments.

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