

118TH CONGRESS
2D SESSION

H. R. 10147

To amend the Internal Revenue Code of 1986 to allow for a credit against tax for employers of reservists.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 15, 2024

Ms. PLASKETT 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 for a credit against tax for employers of reservists.

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. SHORT TITLE.**

4 This Act may be cited as the “Reserve Employers
5 Comprehensive Relief and Uniform Incentives on Taxes
6 Act of 2024” or as the “RECRUIT Act of 2024”.

7 **SEC. 2. RESERVIST EMPLOYMENT CREDIT.**

8 (a) ALLOWANCE OF CREDIT.—Subpart D of part IV
9 of subchapter A of chapter 1 of the Internal Revenue Code

1 of 1986 is amended by adding at the end the following
2 new section:

3 **“SEC. 45BB. RESERVIST EMPLOYMENT CREDIT.**

4 “(a) ESTABLISHMENT OF CREDIT.—For purposes of
5 section 38, in the case of an eligible employer, the reservist
6 employment credit for any taxable year is an amount equal
7 to 40 percent of the wages paid or incurred to qualified
8 reservists by such employer during such taxable year.

9 “(b) LIMITATION.—

10 “(1) IN GENERAL.—The reservist employment
11 credit determined under subsection (a), with respect
12 to any qualified reservist for any taxable year, shall
13 not exceed the reservist credit amount.

14 “(2) RESERVIST CREDIT AMOUNT.—For pur-
15 poses of this section, the term ‘reservist credit
16 amount’ means, with respect to a qualified reservist
17 for a taxable year, an amount equal to the sum of—

18 “(A) \$1,000, plus

19 “(B) in the case of a qualified reservist—

20 “(i) with 30 or more days, and fewer
21 than 90 days, of service in the uniformed
22 services during such year, \$3,000,

23 “(ii) with 90 or more days, and fewer
24 than 180 days, of service in the uniformed
25 services during such year, \$5,000, and

1 “(iii) with 180 or more days of service
2 in the uniformed services during such year,
3 \$10,000.

4 “(3) DAYS OF SERVICE.—For purposes of para-
5 graph (2), any day of service—

6 “(A) shall not be taken into account if
7 such day constitutes inactive-duty training, or
8 active duty or full-time National Guard duty for
9 a period of 30 days or less, and

10 “(B) shall only be taken into account with
11 respect to a qualified reservist employed by an
12 eligible employer to the extent such days are
13 during a period of employment of such reservist
14 by such employer.

15 “(4) QUALIFIED RESERVIST.—The term ‘quali-
16 fied reservist’ means, with respect to a taxable year,
17 an individual who is, at any time during such tax-
18 able year, a member of the National Guard or a re-
19 serve component of the Armed Forces, as named in
20 section 10101 of title 10, United States Code, in ac-
21 tive status.

22 “(5) RESERVE COMPONENT.—The term ‘reserve
23 component’ means any of the reserve components of
24 the Armed Forces named in section 10101 of title
25 10, United States Code.

1 “(6) NATIONAL GUARD.—The term ‘National
2 Guard’ has the meaning given such term in section
3 101(3) of title 32, United States Code.

4 “(7) SERVICE IN THE UNIFORMED SERVICES.—
5 The term ‘service in the uniformed services’ means
6 active duty or full-time National Guard duty for a
7 period of more than 30 days, but does not include
8 active Guard and Reserve duty.

9 “(8) ACTIVE STATUS.—The term ‘active status’
10 has the meaning given such term in section 101 of
11 title 10, United States Code.

12 “(9) INACTIVE-DUTY TRAINING.—The term ‘in-
13 active-duty training’ has the meaning given such
14 term in section 101 of title 10, United States Code.

15 “(c) ELIGIBLE EMPLOYER.—For purposes of this
16 section, the term ‘eligible employer’ means any employer
17 which—

18 “(1) has an average of less than 500 employees
19 employed on business days during the taxable year,

20 “(2) meets the gross receipts test of section
21 448(c) for the taxable year, and

22 “(3) is not a tax shelter prohibited from using
23 the cash receipts and disbursements method of ac-
24 counting under section 448(a)(3).

1 In the case of any taxpayer which is not a corporation
2 or partnership, the gross receipts test of section 448(c)
3 shall, for purposes of paragraph (2) of this subsection, be
4 applied in the same manner as if such taxpayer were a
5 corporation or partnership.

6 “(d) AGGREGATION RULE.—All persons treated as a
7 single employer under subsection (b), (c), (m), or (o) of
8 section 414 shall be treated as 1 employer for purposes
9 of this section.

10 “(e) ELECTION TO HAVE CREDIT NOT APPLY.—

11 “(1) IN GENERAL.—A taxpayer may elect to
12 have this section not apply for any taxable year.

13 “(2) OTHER RULES.—Rules similar to the rules
14 of paragraphs (2) and (3) of section 51(j) shall
15 apply for purposes of this subsection.”.

16 (b) CREDIT PART OF GENERAL BUSINESS CREDIT.—

17 Section 38(b) of the Internal Revenue Code of 1986 is
18 amended by striking “plus” at the end of paragraph (40),
19 by striking the period at the end of paragraph (41) and
20 inserting “, plus”, and by adding at the end the following
21 new paragraph:

22 “(42) in the case of an eligible employer (as de-
23 fined in section 45BB(c)), the reservist employment
24 credit determined under section 45BB(a).”.

1 (c) CREDIT ALLOWED AGAINST AMT.—Subpara-
2 graph (B) of section 38(c)(4) of the Internal Revenue
3 Code of 1986 is amended by redesignating clauses (x)
4 through (xii) as clauses (xi) through (xiii), respectively,
5 and by inserting after clause (ix) the following new clause:

6 “(x) the credit determined under sec-
7 tion 45BB,”.

8 (d) CONFORMING AMENDMENTS.—

9 (1) DENIAL OF DOUBLE BENEFIT.—Section
10 280C(a) of the Internal Revenue Code of 1986 is
11 amended by inserting “45BB(a),” after “45S(a),”.

12 (2) ELECTION TO HAVE CREDIT NOT APPLY.—
13 Section 6501(m) of the Internal Revenue Code of
14 1986 is amended by inserting “45BB(d),” after
15 “45H(g),”.

16 (3) CLERICAL AMENDMENT.—The table of sec-
17 tions for subpart D of part IV of subchapter A of
18 chapter 1 of the Internal Revenue Code of 1986 is
19 amended by adding at the end the following new
20 item:

“Sec. 45BB. Reservist employment credit.”.

21 (e) TREATMENT OF POSSESSIONS.—

22 (1) PAYMENTS TO POSSESSIONS.—

23 (A) MIRROR CODE POSSESSIONS.—The
24 Secretary of the Treasury shall pay to each pos-
25 session of the United States with a mirror code

1 tax system amounts equal to the loss to that
2 possession by reason of the amendments made
3 by this section. Such amounts shall be deter-
4 mined by the Secretary of the Treasury based
5 on information provided by the government of
6 the respective possession of the United States.

7 (B) OTHER POSSESSIONS.—The Secretary
8 of the Treasury shall pay to each possession of
9 the United States which does not have a mirror
10 code tax system the amount estimated by the
11 Secretary of the Treasury as being equal to the
12 loss to that possession that would have occurred
13 by reason of the amendments made by this sec-
14 tion if a mirror code tax system had been in ef-
15 fect in such possession. The preceding sentence
16 shall not apply with respect to any possession
17 of the United States unless such possession es-
18 tablishes to the satisfaction of the Secretary
19 that the possession has implemented (or, at the
20 discretion of the Secretary, will implement) an
21 income tax benefit which is substantially equiv-
22 alent to the income tax credit in effect after the
23 amendments made by this section.

24 (2) COORDINATION WITH CREDIT ALLOWED
25 AGAINST UNITED STATES INCOME TAXES.—The

1 credit allowed under section 45BB of the Internal
2 Revenue Code of 1986 (as added by this section) to
3 any eligible employer with respect to any qualified
4 reservist shall be reduced by the amount of any
5 credit (or other tax benefit described in paragraph
6 (1)(B)) against income taxes imposed by a posses-
7 sion of the United States allowed to such employer
8 with respect to such reservist by reason of this sec-
9 tion for the taxable year.

10 (3) DEFINITIONS AND SPECIAL RULES.—

11 (A) POSSESSION OF THE UNITED
12 STATES.—For purposes of this subsection, the
13 term “possession of the United States” shall in-
14 clude such possessions as are specified in sec-
15 tion 937(a)(1) of the Internal Revenue Code of
16 1986.

17 (B) MIRROR CODE TAX SYSTEM.—For pur-
18 poses of this subsection, the term “mirror code
19 tax system” means, with respect to any posses-
20 sion of the United States, the income tax sys-
21 tem of such possession if the income tax liabil-
22 ity of the residents of such possession under
23 such system is determined by reference to the
24 income tax laws of the United States as if such
25 possession were the United States.

1 (C) TREATMENT OF PAYMENTS.—For pur-
2 poses of section 1324(b)(2) of title 31, United
3 States Code, the payments under this sub-
4 section shall be treated in the same manner as
5 a refund due from credit provisions described in
6 such section.

7 (f) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to wages paid in taxable years be-
9 ginning after December 31, 2023.

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