

107TH CONGRESS
2^D SESSION

H. R. 4069

IN THE SENATE OF THE UNITED STATES

MAY 15 (legislative day, MAY 9), 2002

Received; read twice and referred to the Committee on Finance

AN ACT

To amend title II of the Social Security Act to provide for miscellaneous enhancements in Social Security benefits, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the
 3 “Social Security Benefit Enhancements for Women Act of
 4 2002”.

5 (b) **TABLE OF CONTENTS.**—The table of contents is
 6 as follows:

Sec. 1. Short title and table of contents.

TITLE I—BENEFIT ENHANCEMENTS

Sec. 101. Repeal of 7-year restriction on eligibility for widow’s and widower’s insurance benefits based on disability.

Sec. 102. Exemption from two-year waiting period for divorced spouse’s benefits upon other spouse’s remarriage.

Sec. 103. Months ending after deceased individual’s death disregarded in applying early retirement rules with respect to deceased individual for purposes of limitation on widow’s and widower’s benefits.

**TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE OF
 1986**

Sec. 201. Exclusion from gross income for interest on overpayments of income tax by individuals.

Sec. 202. Deposits made to suspend running of interest on potential underpayments.

Sec. 203. Partial payment of tax liability in installment agreements.

7 **TITLE I—BENEFIT**
 8 **ENHANCEMENTS**

9 **SEC. 101. REPEAL OF 7-YEAR RESTRICTION ON ELIGIBILITY**
 10 **FOR WIDOW’S AND WIDOWER’S INSURANCE**
 11 **BENEFITS BASED ON DISABILITY.**

12 (a) **WIDOW’S INSURANCE BENEFITS.**—

13 (1) **IN GENERAL.**—Section 202(e) of the Social
 14 Security Act (42 U.S.C. 402(e)) is amended—

1 (A) in paragraph (1)(B)(ii), by striking
2 “which began before the end of the period spec-
3 ified in paragraph (4)”;

4 (B) in paragraph (1)(F)(ii), by striking
5 “(I) in the period specified in paragraph (4)
6 and (II)”;

7 (C) by striking paragraph (4) and by re-
8 designating paragraphs (5) through (9) as
9 paragraphs (4) through (8), respectively; and

10 (D) in paragraph (4)(A)(ii) (as redesign-
11 ated), by striking “whichever” and all that fol-
12 lows through “begins” and inserting “the first
13 day of the seventeenth month before the month
14 in which her application is filed”.

15 (2) CONFORMING AMENDMENTS.—

16 (A) Section 202(e)(1)(F)(i) of such Act
17 (42 U.S.C. 402(e)(1)(F)(i)) is amended by
18 striking “paragraph (5)” and inserting “para-
19 graph (4)”.

20 (B) Section 202(e)(1)(C)(ii)(III) of such
21 Act (42 U.S.C. 402(e)(2)(C)(ii)(III)) is amend-
22 ed by striking “paragraph (8)” and inserting
23 “paragraph (7)”.

24 (C) Section 202(e)(2)(A) of such Act (42
25 U.S.C. 402(e)(2)(A)) is amended by striking

1 “paragraph (7)” and inserting “paragraph
2 (6)”.

3 (D) Section 226(e)(1)(A)(i) of such Act
4 (42 U.S.C. 426(e)(1)(A)(i)) is amended by
5 striking “202(e)(4),”.

6 (b) WIDOWER’S INSURANCE BENEFITS.—

7 (1) IN GENERAL.—Section 202(f) of such Act
8 (42 U.S.C. 402(f)) is amended—

9 (A) in paragraph (1)(B)(ii), by striking
10 “which began before the end of the period spec-
11 ified in paragraph (5)”;

12 (B) in paragraph (1)(F)(ii), by striking
13 “(I) in the period specified in paragraph (5)
14 and (II)”;

15 (C) by striking paragraph (5) and by re-
16 designating paragraphs (6) through (9) as
17 paragraphs (5) through (8), respectively; and

18 (D) in paragraph (5)(A)(ii) (as redesign-
19 ated), by striking “whichever” and all that fol-
20 lows through “begins” and inserting “the first
21 day of the seventeenth month before the month
22 in which his application is filed”.

23 (2) CONFORMING AMENDMENTS.—

24 (A) Section 202(f)(1)(F)(i) of such Act (42
25 U.S.C. 402(f)(1)(F)(i)) is amended by striking

1 “paragraph (6)” and inserting “paragraph
2 (5)”.

3 (B) Section 202(f)(1)(C)(ii)(III) of such
4 Act (42 U.S.C. 402(f)(2)(C)(ii)(III)) is amend-
5 ed by striking “paragraph (8)” and inserting
6 “paragraph (7)”.

7 (C) Section 226(e)(1)(A)(i) of such Act (as
8 amended by subsection (a)(2)) is further
9 amended by striking “202(f)(1)(B)(ii), and
10 202(f)(5)” and inserting “and
11 202(f)(1)(B)(ii)”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply with respect to benefits for months
14 after November 2002.

15 **SEC. 102. EXEMPTION FROM TWO-YEAR WAITING PERIOD**
16 **FOR DIVORCED SPOUSE’S BENEFITS UPON**
17 **OTHER SPOUSE’S REMARRIAGE.**

18 (a) WIFE’S INSURANCE BENEFITS.—Section
19 202(b)(5)(A) of the Social Security Act (42 U.S.C.
20 402(b)(5)(A)) is amended by adding at the end the fol-
21 lowing new sentence: “The criterion for entitlement under
22 clause (ii) shall be deemed met upon the remarriage of
23 the insured individual to someone other than the applicant
24 during the 2-year period referred to in such clause.”.

1 (b) HUSBAND’S INSURANCE BENEFITS.—Section
2 202(c)(5)(A) of such Act (42 U.S.C. 402(c)(5)(A)) is
3 amended by adding at the end the following new sentence:
4 “The criterion for entitlement under clause (ii) shall be
5 deemed met upon the remarriage of the insured individual
6 to someone other than the applicant during the 2-year pe-
7 riod referred to in such clause.”.

8 (c) CONFORMING AMENDMENT TO EXEMPTION OF
9 INSURED INDIVIDUAL’S DIVORCED SPOUSE FROM EARN-
10 INGS TEST AS APPLIED TO THE INSURED INDIVIDUAL.—
11 Section 203(b)(2)(B) of such Act (42 U.S.C.
12 403(b)(2)(B)) is amended by adding at the end the fol-
13 lowing new sentence: “The requirement under such clause
14 (ii) shall be deemed met upon the remarriage of the indi-
15 vidual referred to in paragraph (1) to someone other than
16 the divorced spouse referred to in such clause during the
17 2-year period referred to in such clause.”.

18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall apply with respect to benefits for months
20 after November 2002.

1 **SEC. 103. MONTHS ENDING AFTER DECEASED INDIVID-**
2 **UAL'S DEATH DISREGARDED IN APPLYING**
3 **EARLY RETIREMENT RULES WITH RESPECT**
4 **TO DECEASED INDIVIDUAL FOR PURPOSES**
5 **OF LIMITATION ON WIDOW'S AND WIDOWER'S**
6 **BENEFITS.**

7 (a) **WIDOW'S INSURANCE BENEFITS.**—Section
8 202(e)(2)(D)(i) of the Social Security Act (42 U.S.C.
9 402(e)(2)(D)(i)) is amended by inserting after “applica-
10 ble,” the following: “except that, in applying paragraph
11 (7) of subsection (q) for purposes of this clause, any
12 month ending with or after the date of the death of such
13 deceased individual shall be deemed to be excluded under
14 such paragraph (in addition to months otherwise excluded
15 under such paragraph),”.

16 (b) **WIDOWER'S INSURANCE BENEFITS.**—Section
17 202(f)(3)(D)(i) of such Act (42 U.S.C. 402(f)(3)(D)(i))
18 is amended by inserting after “applicable,” the following:
19 “except that, in applying paragraph (7) of subsection (q)
20 for purposes of this clause, any month ending with or after
21 the date of the death of such deceased individual shall be
22 deemed to be excluded under such paragraph (in addition
23 to months otherwise excluded under such paragraph),”.

24 (c) **EFFECTIVE DATE.**—The amendments made by
25 this section shall apply with respect to benefits for months
26 after November 2002.

1 **TITLE II—AMENDMENTS TO THE**
2 **INTERNAL REVENUE CODE**
3 **OF 1986**

4 **SEC. 201. EXCLUSION FROM GROSS INCOME FOR INTEREST**
5 **ON OVERPAYMENTS OF INCOME TAX BY INDI-**
6 **VIDUALS.**

7 (a) IN GENERAL.—Part III of subchapter B of chap-
8 ter 1 of the Internal Revenue Code of 1986 (relating to
9 items specifically excluded from gross income) is amended
10 by inserting after section 139 the following new section:

11 **“SEC. 139A. EXCLUSION FROM GROSS INCOME FOR INTER-**
12 **EST ON OVERPAYMENTS OF INCOME TAX BY**
13 **INDIVIDUALS.**

14 “(a) IN GENERAL.—In the case of an individual,
15 gross income shall not include interest paid under section
16 6611 on any overpayment of tax imposed by this subtitle.

17 “(b) EXCEPTION.—Subsection (a) shall not apply in
18 the case of a failure to claim items resulting in the over-
19 payment on the original return if the Secretary determines
20 that the principal purpose of such failure is to take advan-
21 tage of subsection (a).

22 “(c) SPECIAL RULE FOR DETERMINING MODIFIED
23 ADJUSTED GROSS INCOME.—For purposes of this title,
24 interest not included in gross income under subsection (a)
25 shall not be treated as interest which is exempt from tax

1 for purposes of sections 32(i)(2)(B) and 6012(d) or any
 2 computation in which interest exempt from tax under this
 3 title is added to adjusted gross income.”.

4 (b) CLERICAL AMENDMENT.—The table of sections
 5 for part III of subchapter B of chapter 1 of such Code
 6 is amended by inserting after the item relating to section
 7 139 the following new item:

“Sec. 139A. Exclusion from gross income for interest on over-
 payments of income tax by individuals.”.

8 (c) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to interest received after December
 10 31, 2006.

11 **SEC. 202. DEPOSITS MADE TO SUSPEND RUNNING OF IN-**
 12 **TEREST ON POTENTIAL UNDERPAYMENTS.**

13 (a) IN GENERAL.—Subchapter A of chapter 67 of the
 14 Internal Revenue Code of 1986 (relating to interest on un-
 15 derpayments) is amended by adding at the end the fol-
 16 lowing new section:

17 **“SEC. 6603. DEPOSITS MADE TO SUSPEND RUNNING OF IN-**
 18 **TEREST ON POTENTIAL UNDERPAYMENTS,**
 19 **ETC.**

20 “(a) AUTHORITY TO MAKE DEPOSITS OTHER THAN
 21 AS PAYMENT OF TAX.—A taxpayer may make a cash de-
 22 posit with the Secretary which may be used by the Sec-
 23 retary to pay any tax imposed under subtitle A or B or
 24 chapter 41, 42, 43, or 44 which has not been assessed

1 at the time of the deposit. Such a deposit shall be made
2 in such manner as the Secretary shall prescribe.

3 “(b) NO INTEREST IMPOSED.—To the extent that
4 such deposit is used by the Secretary to pay tax, for pur-
5 poses of section 6601 (relating to interest on underpay-
6 ments), the tax shall be treated as paid when the deposit
7 is made.

8 “(c) RETURN OF DEPOSIT.—Except in a case where
9 the Secretary determines that collection of tax is in jeop-
10 ardy, the Secretary shall return to the taxpayer any
11 amount of the deposit (to the extent not used for a pay-
12 ment of tax) which the taxpayer requests in writing.

13 “(d) PAYMENT OF INTEREST.—

14 “(1) IN GENERAL.—For purposes of section
15 6611 (relating to interest on overpayments), a de-
16 posit which is returned to a taxpayer shall be treated
17 as a payment of tax for any period to the extent
18 (and only to the extent) attributable to a disputable
19 tax for such period. Under regulations prescribed by
20 the Secretary, rules similar to the rules of section
21 6611(b)(2) shall apply.

22 “(2) DISPUTABLE TAX.—

23 “(A) IN GENERAL.—For purposes of this
24 section, the term ‘disputable tax’ means the
25 amount of tax specified at the time of the de-

1 posit as the taxpayer’s reasonable estimate of
2 the maximum amount of any tax attributable to
3 disputable items.

4 “(B) SAFE HARBOR BASED ON 30-DAY
5 LETTER.—In the case of a taxpayer who has
6 been issued a 30-day letter, the maximum
7 amount of tax under subparagraph (A) shall
8 not be less than the amount of the proposed de-
9 ficiency specified in such letter.

10 “(3) OTHER DEFINITIONS.—For purposes of
11 paragraph (2)—

12 “(A) DISPUTABLE ITEM.—The term ‘dis-
13 putable item’ means any item of income, gain,
14 loss, deduction, or credit if the taxpayer—

15 “(i) has a reasonable basis for its
16 treatment of such item, and

17 “(ii) reasonably believes that the Sec-
18 retary also has a reasonable basis for dis-
19 allowing the taxpayer’s treatment of such
20 item.

21 “(B) 30-DAY LETTER.—The term ‘30-day
22 letter’ means the first letter of proposed defi-
23 ciency which allows the taxpayer an opportunity
24 for administrative review in the Internal Rev-
25 enue Service Office of Appeals.

1 “(4) RATE OF INTEREST.—The rate of interest
2 allowable under this subsection shall be the Federal
3 short-term rate determined under section 6621(b),
4 compounded daily.

5 “(e) USE OF DEPOSITS.—

6 “(1) PAYMENT OF TAX.—Except as otherwise
7 provided by the taxpayer, deposits shall be treated
8 as used for the payment of tax in the order depos-
9 ited.

10 “(2) RETURNS OF DEPOSITS.—Deposits shall
11 be treated as returned to the taxpayer on a last-in,
12 first-out basis.”.

13 (b) CLERICAL AMENDMENT.—The table of sections
14 for subchapter A of chapter 67 of such Code is amended
15 by adding at the end the following new item:

 “Sec. 6603. Deposits made to suspend running of interest on po-
 tential underpayments, etc.”.

16 (c) EFFECTIVE DATE.—

17 (1) IN GENERAL.—The amendments made by
18 this section shall apply to deposits made after the
19 date of the enactment of this Act.

20 (2) COORDINATION WITH DEPOSITS MADE
21 UNDER REVENUE PROCEDURE 84–58.—In the case of
22 an amount held by the Secretary of the Treasury or
23 his delegate on the date of the enactment of this Act
24 as a deposit in the nature of a cash bond deposit

1 pursuant to Revenue Procedure 84-58, the date that
2 the taxpayer identifies such amount as a deposit
3 made pursuant to section 6603 of the Internal Rev-
4 enue Code (as added by this Act) shall be treated as
5 the date such amount is deposited for purposes of
6 such section 6603.

7 **SEC. 203. PARTIAL PAYMENT OF TAX LIABILITY IN IN-**
8 **STALLMENT AGREEMENTS.**

9 (a) IN GENERAL.—

10 (1) Section 6159(a) of the Internal Revenue
11 Code of 1986 (relating to authorization of agree-
12 ments) is amended—

13 (A) by striking “satisfy liability for pay-
14 ment of” and inserting “make payment on”,
15 and

16 (B) by inserting “full or partial” after “fa-
17 cilitate”.

18 (2) Section 6159(c) of such Code (relating to
19 Secretary required to enter into installment agree-
20 ments in certain cases) is amended in the matter
21 preceding paragraph (1) by inserting “full” before
22 “payment”.

23 (b) REQUIREMENT TO REVIEW PARTIAL PAYMENT
24 AGREEMENTS EVERY TWO YEARS.—Section 6159 of such
25 Code is amended by redesignating subsections (d) and (e)

1 as subsections (e) and (f), respectively, and inserting after
2 subsection (e) the following new subsection:

3 “(d) SECRETARY REQUIRED TO REVIEW INSTALL-
4 MENT AGREEMENTS FOR PARTIAL COLLECTION EVERY
5 TWO YEARS.—In the case of an agreement entered into
6 by the Secretary under subsection (a) for partial collection
7 of a tax liability, the Secretary shall review the agreement
8 at least once every 2 years.”.

9 (e) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to agreements entered into on or
11 after the date of the enactment of this Act.

Passed the House of Representatives May 14, 2002.

Attest:

JEFF TRANDAHL,

Clerk.