

“(1) identify—  
 “(A) the severance payments—  
 “(i) that the Secretary paid after January 17, 1991;  
 “(ii) that the Secretary computed under section 1212 of title 10, United States Code;  
 “(iii) that were not considered gross income pursuant to section 104(a)(4) of the Internal Revenue Code of 1986 [26 U.S.C. 104(a)(4)]; and  
 “(iv) from which the Secretary withheld amounts for tax purposes; and  
 “(B) the individuals to whom such severance payments were made; and

“(2) with respect to each person identified under paragraph (1)(B), provide—

“(A) notice of—  
 “(i) the amount of severance payments in paragraph (1)(A) which were improperly withheld for tax purposes; and  
 “(ii) such other information determined to be necessary by the Secretary of the Treasury to carry out the purposes of this section; and  
 “(B) instructions for filing amended tax returns to recover the amounts improperly withheld for tax purposes.

“(b) EXTENSION OF LIMITATION ON TIME FOR CREDIT OR REFUND.—

“(1) PERIOD FOR FILING CLAIM.—If a claim for credit or refund under section 6511(a) of the Internal Revenue Code of 1986 [26 U.S.C. 6511(a)] relates to a specified overpayment, the 3-year period of limitation prescribed by such subsection shall not expire before the date which is 1 year after the date the information return described in subsection (a)(2) is provided. The allowable amount of credit or refund of a specified overpayment shall be determined without regard to the amount of tax paid within the period provided in section 6511(b)(2) [26 U.S.C. 6511(b)(2)].

“(2) SPECIFIED OVERPAYMENT.—For purposes of paragraph (1), the term ‘specified overpayment’ means an overpayment attributable to a severance payment described in subsection (a)(1).

“SEC. 4. REQUIREMENT THAT SECRETARY OF DEFENSE ENSURE AMOUNTS ARE NOT WITHHELD FOR TAX PURPOSES FROM SEVERANCE PAYMENTS NOT CONSIDERED GROSS INCOME.

“The Secretary of Defense shall take such actions as may be necessary to ensure that amounts are not withheld for tax purposes from severance payments made by the Secretary to individuals when such payments are not considered gross income pursuant to section 104(a)(4) of the Internal Revenue Code of 1986 [26 U.S.C. 104(a)(4)].

“SEC. 5. REPORT TO CONGRESS.

“(a) IN GENERAL.—After completing the identification required by section 3(a) and not later than 1 year after the date of the enactment of this Act [Dec. 16, 2016], the Secretary of Defense shall submit to the appropriate committees of Congress a report on the actions taken by the Secretary to carry out this Act.

“(b) CONTENTS.—The report submitted under subsection (a) shall include the following:

“(1) The number of individuals identified under section 3(a)(1)(B).

“(2) Of all the severance payments described in section 3(a)(1)(A), the aggregate amount that the Secretary withheld for tax purposes from such payments.

“(3) A description of the actions the Secretary plans to take to carry out section 4.

“(c) APPROPRIATE COMMITTEES OF CONGRESS DEFINED.—In this section, the term ‘appropriate committees of Congress’ means—

“(1) the Committee on Armed Services, the Committee on Veterans’ Affairs, and the Committee on Finance of the Senate; and

“(2) the Committee on Armed Services, the Committee on Veterans’ Affairs, and the Committee on Ways and Means of the House of Representatives.”

**§ 1213. Effect of separation on benefits and claims**

Unless a person who has received disability severance pay again becomes a member of an armed force, the National Oceanic and Atmospheric Administration, or the Public Health Service, he is not entitled to any payment from the armed force from which he was separated for, or arising out of, his service before separation, under any law administered by one of those services or for it by another of those services. However, this section does not prohibit the payment of money to a person who has received disability severance pay, if the money was due him on the date of his separation or if a claim by him is allowed under any law.

(Aug. 10, 1956, ch. 1041, 70A Stat. 99; Pub. L. 89-718, §8(a), Nov. 2, 1966, 80 Stat. 1117; Pub. L. 96-513, title V, §511(44), Dec. 12, 1980, 94 Stat. 2924.)

HISTORICAL AND REVISION NOTES

Revised section	Source (U.S. Code)	Source (Statutes at Large)
1213 .....	37:280.	Oct. 12, 1949, ch. 681, §410, 63 Stat. 823.

The words “a person who has received disability severance pay” are substituted for the words “Any former member who has been separated for physical disability from any of the uniformed services and paid disability severance pay”. The words “any payment \* \* \* for” are substituted for the words “for any monetary obligation provided under any provision \* \* \* on account of”. The words “this section does not prohibit” are substituted for the words “shall not operate to bar”. The words “the payment of money to \* \* \* if the money was due him” are substituted for the words “from receiving or the service concerned from paying any moneys due and payable”. The words “valid”, “processed”, and “pursuant to any provisions of law” are omitted as surplusage.

AMENDMENTS

1980—Pub. L. 96-513 substituted “National Oceanic and Atmospheric Administration” for “Environmental Science Services Administration”.

1966—Pub. L. 89-718 substituted “Environmental Science Services Administration” for “Coast and Geodetic Survey”.

EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96-513 effective Dec. 12, 1980, see section 701(b)(3) of Pub. L. 96-513, set out as a note under section 101 of this title.

REPEALS

The directory language of, but not the amendment made by, Pub. L. 89-718, §8(a), Nov. 2, 1966, 80 Stat. 1117, cited as a credit to this section, was repealed by Pub. L. 97-295, §6(b), Oct. 12, 1982, 96 Stat. 1314.

TRANSFER OF FUNCTIONS

For transfer of functions of Public Health Service, see note set out under section 802 of this title.

**§ 1214. Right to full and fair hearing**

No member of the armed forces may be retired or separated for physical disability without a full and fair hearing if he demands it.

(Aug. 10, 1956, ch. 1041, 70A Stat. 100.)