

(Washington, D.C.) – U.S. Congressman Jason Altmire (PA-04) praised the enactment of \$2 billion in tax cuts for military families included in the Heroes Earnings Assistance and Relief Tax Act (HEART Act – H.R. 6081), which was signed into law by the president this week. The HEART Act includes several key provisions of the Active Duty Military Tax Relief Act (H.R. 3827), legislation that Congressman Altmire introduced last year to provide tax relief to military families who are facing financial hardship due to multiple deployments.

“I am proud that several of my tax cut provisions that will provide financial relief to America’s military families are now law,” Altmire said. **“For many reservists, leaving their civilian jobs and going on active duty often means taking a pay cut.□ The HEART Act will go a long way towards ensuring our brave men and women in uniform are not asked to take a financial hit when they choose to serve our country.”**

The HEART Act includes five of the six provisions of Congressman Altmire’s Active Duty Military Tax Relief Act (H.R. 3827). A key purpose of the bill is to provide incentives to ensure reservists who are called up to active duty do not suffer a pay cut. An estimated 30 percent of reservists report taking a pay cut when activated. Specifically, the bill provides small business owners with a new tax credit for wages paid to reservists called to active duty and allows differential wage payments to reservists to be treated as earned income for tax withholding and retirement plan purposes for the first time.

In addition, the HEART Act permanently extends tax provisions to allow active duty military personnel to treat combat pay as earned income for the purposes of computing the earned income tax and to permit reservists to make penalty-free withdrawals from their retirement plans. It also allows family members of soldiers killed in the line of duty to contribute any amount of the military death gratuity (\$100,000) into tax-favored accounts, such as Roth IRAs and Education Savings Accounts.