



OFFICE OF THE UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

OCT 20 2008

PERSONNEL AND
READINESS

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Clarification of Memoranda Regarding Benefits, Allowances and Gratuities for Department of Defense (DoD) Civilian Employees Assigned to Iraq or Afghanistan Under the Authority of Section 1603 of Public Law (P.L.) 109-234, as amended

References: (a) "Benefits, Allowances and Gratuities for Department of Defense (DoD) Civilian Employees under [P.L.] 109-234, Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, June 2006", May 4, 2007

(b) "Clarification to Policy Memorandum, 'Benefits, Allowances and Gratuities for Department of Defense (DoD) Civilian Employees under [P.L.] 109-234, Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, June 2006', Dated May 4, 2007", August 27, 2008

(c) "Death Benefits for Department of Defense (DoD) Civilian Employees under [P.L.] 109-234, Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery", April 3, 2007

Section 1603 of P.L. 109-234, "Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery," authorizes agencies to provide employees on official duty in Iraq or Afghanistan benefits, allowances, and gratuities comparable to those provided to members of the Foreign Service under Section 413 and chapter 9 of title I of the Foreign Service Act (22 U.S.C. 3973; and 4081 et seq.). Under this authority, as set forth in references (a), (b) and (c), attached, DoD has been providing various benefits, allowances, and gratuities to certain DoD civilian employees performing official duty in Iraq and Afghanistan.

References (a), (b), and (c), however, indicate that the authority provided by Section 1603 would expire at the end of fiscal year (FY) 2008. Recently, Section 1603 of P.L. 109-234 was amended by Section 1102 of P.L. 110-417, the "Duncan Hunter National Defense Authorization Act for [FY] 2009," to continue the authorization of these same benefits, allowances and gratuities through the end of FY 2011 for employees on official duty in a combat zone as defined by Section 112(c) of the Internal Revenue



Code of 1986. Iraq and Afghanistan are currently designated as combat zones for this purpose, which is commonly known as the “combat zone tax exclusion (CZTE)”(although the reference in Section 1603 to Section 112(c) of the Internal Revenue Code should not be interpreted to imply that civilian employees are now eligible for the CZTE; they are not).

As a result of this amendment to Section 1603 of P.L. 109-234, the benefits, allowances and gratuities that are the subject of references (a), (b) and (c) shall continue as provided for in the referenced memoranda until further notice as long as Iraq and Afghanistan are designated as combat zones under Section 112(c) of the Internal Revenue Code, or through the expiration of FY 2011. The continuation of these benefits, allowances and gratuities as a result of the amendment in the FY 2009 NDAA is, in effect, retroactive to October 1, 2008.


Patricia S. Bradshaw
Deputy Under Secretary of Defense
(Civilian Personnel Policy)

Attachments:
As stated

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