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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to exclude from gross income any judgments, awards, and settlements with respect to sexual assault or sexual harassment claims, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. LOIS FRANKEL of Florida introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to exclude from gross income any judgments, awards, and settlements with respect to sexual assault or sexual harassment claims, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Tax Fairness for Sur-
5 vivors Act”.

1 **SEC. 2. EXEMPTING FROM FEDERAL INCOME TAXATION**
2 **PAYMENTS ALLOCABLE TO SEXUAL ASSAULT**
3 **OR SEXUAL HARASSMENT CLAIMS.**

4 (a) IN GENERAL.—Part III of subchapter B of chap-
5 ter 1 of the Internal Revenue Code of 1986 is amended
6 by inserting before section 140 the following new section:

7 **“SEC. 139J. AMOUNTS RECEIVED AS JUDGMENTS, AWARDS,**
8 **AND SETTLEMENTS WITH RESPECT TO SEX-**
9 **UAL ASSAULT OR SEXUAL HARASSMENT**
10 **CLAIMS.**

11 “(a) IN GENERAL.—In the case of an individual,
12 gross income shall not include any amount received as a
13 judgment, award, or settlement (including backpay,
14 frontpay, punitive damages, reimbursement of attorney’s
15 fees, or any payments made in connection with a release
16 of claims or to resolve or settle claims) whether by lump
17 sum or periodic payments from—

18 “(1) a claim involving the individual as the vic-
19 tim of an alleged nonconsensual sexual act or sexual
20 contact, as such terms are defined in section 2246
21 of title 18, United States Code, or similar applicable
22 Tribal, State, or local law, including when the victim
23 lacks capacity to consent, or

24 “(2) a claim involving conduct that is alleged to
25 constitute sexual harassment of the individual under
26 applicable Federal, Tribal, State, or local law.

1 “(b) REGULATIONS.—The Secretary shall prescribe
2 such regulations and other guidance as are necessary to
3 carry out the purposes of section, including regulations
4 and other guidance to distinguish amounts received in con-
5 nection with a claim described in subsection (a) from other
6 amounts received.”.

7 (b) SOCIAL SECURITY TAXES.—Section 3121(a) of
8 such Code is amended by striking “or” at the end of para-
9 graph (22), by striking the period at the end of paragraph
10 (23) and inserting “; or”, and by inserting after para-
11 graph (23) the following new paragraph:

12 “(24) any amount received which is excludable
13 from the gross income of the employee under section
14 139J.”.

15 (c) RAILROAD RETIREMENT TAX.—Section 3231(e)
16 of such Code is amended by adding at the end the fol-
17 lowing new paragraph:

18 “(13) AMOUNTS RECEIVED AS JUDGMENTS,
19 AWARDS, AND SETTLEMENTS WITH RESPECT TO
20 SEXUAL ASSAULT OR SEXUAL HARASSMENT
21 CLAIMS.—The term ‘compensation’ shall not include
22 any amount received which is excludable from the
23 gross income of the employee under section 139J.”.

24 (d) UNEMPLOYMENT TAXES.—Section 3306(b) of
25 such Code is amended by striking “or” at the end of para-

1 graph (19), by striking the period at the end of paragraph
2 (20) and inserting “, or”, and by inserting after para-
3 graph (20) the following new paragraph:

4 “(21) any amount received which is excludable
5 from the gross income of the employee under section
6 139J.”.

7 (e) WAGE WITHHOLDING.—Section 3401 of such
8 Code is amended by striking “or” at the end of paragraph
9 (22), by striking the period at the end of paragraph (23)
10 and inserting “, or”, and by inserting after paragraph
11 (23) the following new paragraph:

12 “(24) any amount received which is excludable
13 from the gross income of the employee under section
14 139J.”.

15 (f) CLERICAL AMENDMENT.—The table of sections
16 for part III of subchapter B of chapter 1 of the Internal
17 Revenue Code of 1986 is amended by inserting before the
18 item relating to section 140 the following new item:

 “Sec. 139J. Amounts received as judgments, awards, and settlements with re-
 spect to sexual assault or sexual harassment claims.”.

19 (g) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 the date of the enactment of this Act.