

108TH CONGRESS  
1ST SESSION

# H. R. 3580

To amend the Internal Revenue Code of 1986 to provide for the income tax treatment of legal fees awarded or received in connection with non-physical personal injury cases.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 21, 2003

Mr. ANDREWS introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide for the income tax treatment of legal fees awarded or received in connection with nonphysical personal injury cases.

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 “Victims Tax Fairness  
5       Act of 2003”.

1 **SEC. 2. LEGAL FEES AWARDED OR RECEIVED IN CONNEC-**  
2 **TION WITH NONPHYSICAL PERSONAL INJURY**  
3 **CASES.**

4 (a) INCLUSION IN GROSS INCOME.—Part II of sub-  
5 chapter B of chapter 1 of the Internal Revenue Code of  
6 1986 (relating to items specifically included in gross in-  
7 come) is amended by adding at the end the following new  
8 section:

9 **“SEC. 91. LEGAL FEES AWARDED OR RECEIVED IN CONNEC-**  
10 **TION WITH NONPHYSICAL PERSONAL INJURY**  
11 **CASES.**

12 “Gross income includes amounts awarded to or re-  
13 ceived by the taxpayer, whether by suit or agreement, on  
14 account of nonphysical personal injury which are des-  
15 ignated for attorneys’ fees and costs.”.

16 (b) DEDUCTION FOR LEGAL FEES AWARDED OR RE-  
17 CEIVED IN CONNECTION WITH NONPHYSICAL PERSONAL  
18 INJURY CASES ALLOWED WHETHER OR NOT TAXPAYER  
19 ELECTS TO ITEMIZE.—Subsection (a) of section 62 of  
20 such Code (relating to general rule) is amended by adding  
21 at the end the following new paragraph:

22 “(19) LEGAL FEES AWARDED OR RECEIVED IN  
23 CONNECTION WITH NONPHYSICAL PERSONAL INJURY  
24 CASES.—Attorneys’ fees and costs awarded to or  
25 paid by the taxpayer, whether by suit or agreement,  
26 on account of nonphysical personal injury.”.

1       (c) CLERICAL AMENDMENT.—The table of sections  
2 for part II of subchapter B of chapter 1 of such Code  
3 is amended by adding at the end the following new item:

“Sec. 91. Legal fees awarded or received in connection with non-  
physical personal injury cases.”.

4       (d) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply with respect to judgments and set-  
6 tlements entered after the date of the enactment of this  
7 Act.

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