

109TH CONGRESS
1ST SESSION

H. R. 3181

To amend the Internal Revenue Code of 1986 to exclude from gross income qualified attorney fees.

IN THE HOUSE OF REPRESENTATIVES

JUNE 30, 2005

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

A BILL

To amend the Internal Revenue Code of 1986 to exclude from gross income qualified attorney fees.

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. EXCLUSION OF ATTORNEY FEES.**

4 (a) IN GENERAL.—Part III of subchapter B of chap-
5 ter 1 of the Internal Revenue Code of 1986 (relating to
6 items specifically excluded from gross income) is amended
7 by inserting after section 139A the following new section:

1 **“SEC. 139B. QUALIFIED ATTORNEY FEES.**

2 “(a) GENERAL RULE.—In the case of an individual,
3 gross income does not include qualified attorney fees paid
4 by the individual.

5 “(b) QUALIFIED ATTORNEY FEES.—For purposes of
6 this section, the term ‘qualified attorney fees’ means attor-
7 ney fees and court costs paid by, or on behalf of, the tax-
8 payer in connection with any judgment or settlement
9 (whether by suit or agreement and whether as lump sum
10 or periodic payments) resulting from a civil action brought
11 by the taxpayer in a court of law.”.

12 (b) CLERICAL AMENDMENT.—The table of sections
13 for such part is amended by inserting after the item relat-
14 ing to section 139A the following new item:

“Sec. 139B. Qualified attorney fees.”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to attorney fees paid on or after
17 January 1, 2005, with respect to any judgment or settle-
18 ment occurring on or after January 1, 2005.

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