

118TH CONGRESS
2D SESSION

S. 5566

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 SENATE OF THE UNITED STATES

DECEMBER 17 (legislative day, DECEMBER 16), 2024

Mrs. GILLIBRAND (for herself and Mrs. BLACKBURN) introduced the following bill; which was read twice and referred to the Committee on Finance

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.—Gross income shall not include
12 any amount received as a judgment, award, or settlement
13 (including back pay, front pay, punitive damages, or any
14 payments made in connection with a release of claims or
15 to resolve, settle, or litigate claims), whether by lump sum
16 or periodic payments, from—

17 “(1) a dispute involving an alleged nonconsen-
18 sual sexual act or sexual contact, as such terms are
19 defined in section 2246 of title 18, United States
20 Code, or similar applicable Tribal, State, or local
21 law, including when the victim lacks capacity to con-
22 sent, or

23 “(2) a dispute relating to conduct that is al-
24 leged to constitute sexual harassment under applica-
25 ble Federal, Tribal, State, or local law, including

1 common law claims permitted under Federal, Tribal,
2 State, or local law.

3 “(b) REGULATIONS AND GUIDANCE.—The Secretary
4 shall issue such regulations or other guidance as the Sec-
5 retary determines necessary to carry out the purposes of
6 this section, including regulations or other guidance to dis-
7 tinguish amounts received in connection with a claim de-
8 scribed in subsection (a) from other amounts received as
9 part of a judgment, award, or settlement, such as com-
10 pensation for services performed.”.

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

16 “(24) any amount received which is excludable
17 from the gross income of the employee under section
18 139J.”.

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

22 “(13) AMOUNTS RECEIVED AS JUDGMENTS,
23 AWARDS, AND SETTLEMENTS WITH RESPECT TO
24 SEXUAL ASSAULT OR SEXUAL HARASSMENT
25 CLAIMS.—The term ‘compensation’ shall not include

1 any amount received which is excludable from the
2 gross income of the employee under section 139J.”.

3 (d) UNEMPLOYMENT TAXES.—Section 3306(b) of
4 such Code is amended by striking “or” at the end of para-
5 graph (19), by striking the period at the end of paragraph
6 (20) and inserting “; or”, and by inserting after para-
7 graph (20) the following new paragraph:

8 “(21) any amount received which is excludable
9 from the gross income of the employee under section
10 139J.”.

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

16 “(24) any amount received which is excludable
17 from the gross income of the employee under section
18 139J.”.

19 (f) CLERICAL AMENDMENT.—The table of sections
20 for part III of subchapter B of chapter 1 of the Internal
21 Revenue Code of 1986 is amended by inserting before the
22 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.”.

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

