

**DESCRIPTION OF H.R. 2347,
THE “SURVIVOR JUSTICE TAX PREVENTION ACT”**

Scheduled for Markup
by the
HOUSE COMMITTEE ON WAYS AND MEANS
on March 25, 2026

Prepared by the Staff
of the
JOINT COMMITTEE ON TAXATION



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INTRODUCTION

The House Committee on Ways and Means has scheduled a committee markup for March 25, 2026, of H.R. 2347, the “Survivor Justice Tax Prevention Act.” This document,¹ prepared by the staff of the Joint Committee on Taxation, provides a description of this bill.

¹ This document may be cited as follows: Joint Committee on Taxation, *Description of H.R. 2347, the “Survivor Justice Tax Prevention Act”* (JCX-4-26), March 23, 2026. This document can also be found on the Joint Committee on Taxation website at www.jct.gov. All section references in the document are to the Internal Revenue Code of 1986, as amended (the “Code”), unless otherwise stated.

A. Taxation of Compensation for Injuries or Sickness

Present Law

Gross income means “income from whatever source derived” except for certain items specifically exempted or excluded by statute.² Gross income excludes certain items of compensation received by an individual on account of injury or sickness. Except in the case of amounts attributable to (and not in excess of) deductions allowed under section 213 (relating to certain medical expenses) for any prior taxable year, gross income does not include any amount of damages (other than punitive damages) received on account of personal physical injuries or physical sickness, whether by suit or agreement and whether as lump sums or as periodic payments.³ The Internal Revenue Service (“IRS”) has interpreted “personal physical injuries” to mean physical contacts resulting in observable bodily harm.⁴ For purposes of this exclusion, emotional distress is not considered a physical injury or physical sickness.⁵ However, because the exclusion applies to all damages received on account of physical injury or physical sickness, the exclusion applies to any damages received based on a claim of emotional distress that is attributable to a physical injury or physical sickness.⁶ In addition, the exclusion is explicitly allowed for damages received not in excess of the amount paid for medical care attributable to emotional distress—that is, the amount paid (1) for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body; and (2) for transportation primarily for and essential to the medical care just described.⁷

² Sec. 61.

³ Sec. 104(a)(2).

⁴ See, e.g., PLR 200041022, July 17, 2000 (“The term ‘personal physical injuries’ is not defined in either Section 104(a)(2) or the legislative history. . . . However, we believe that direct unwanted or uninvited physical contacts resulting in observable bodily harms such as bruises, cuts, swelling, and bleeding are personal physical injuries under Section 104(a)(2).”).

⁵ The term “emotional distress” is intended to include physical symptoms which may result from such emotional distress. See Joint Committee on Taxation, *General Explanation of Tax Legislation Enacted in the 104th Congress* (JCS-12-96), December 1996, p. 224. This document can be found on the Joint Committee on Taxation website at www.jct.gov.

⁶ *Ibid.*

⁷ Sec. 104(a) (flush language).

Description of Proposal

The proposal excludes damages (other than punitive damages) received on account of any sexual act⁸ or sexual contact.⁹ The proposal provides that damages are conclusively treated as on account of a sexual act or sexual contact if the judgment or agreement providing for such damages states that such damages are so on account. Other evidence may be sufficient, although it does not have the conclusive force of a judgment or agreement. The proposal also provides that damages are not treated as not having been adequately substantiated as being on account of a sexual act or sexual contact merely because there are no medical records of such act or contact.

The proposal requires the Secretary of the Treasury (or the Secretary's delegate), in consultation with the Department of Justice Office on Violence Against Women and other relevant Federal agencies, to establish a program to promote public awareness of the proposal's exclusion from gross income for damages received on account of a sexual act or sexual contact.

Effective Date

The proposal is effective for amounts received pursuant to judgments made, and agreements entered into, after the date of enactment.¹⁰

⁸ "Sexual act" is defined as in 18 U.S.C. sec. 2246(2) to mean: (1) contact between the penis and the vulva or the penis and the anus (and for these purposes contact involving the penis occurs upon penetration, however slight); (2) contact between the mouth and the penis, the mouth and the vulva, or the mouth and the anus; (3) the penetration, however slight, of the anal or genital opening of another by a hand or finger or by any object, with an intent to abuse, humiliate, harass, degrade, or arouse or gratify the sexual desire of any person; or (4) the intentional touching, not through the clothing, of the genitalia of another person who has not attained the age of 16 years with an intent to abuse, humiliate, harass, degrade, or arouse or gratify the sexual desire of any person.

⁹ "Sexual contact" is defined as in 18 U.S.C. sec. 2246(3) to mean the intentional touching, either directly or through the clothing, of the genitalia, anus, groin, breast, inner thigh, or buttocks of any person with an intent to abuse, humiliate, harass, degrade, or arouse or gratify the sexual desire of any person.

¹⁰ A judgment shall be treated as made after the date of enactment if the first payment pursuant to such judgment is received after such date. An agreement shall not be treated as entered into after the date of enactment if such agreement replaces, supersedes, or revises an agreement entered into on or before such date.

B. Estimated Revenue Effects of the Proposal

The proposal is estimated to have the following effect on Federal fiscal year budget receipts:

Fiscal Years												
[Millions of Dollars]												
<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2026-31</u>	<u>2026-36</u>
-3	-7	-8	-8	-8	-8	-9	-9	-9	-10	-10	-42	-89

NOTE: Details may not add to totals due to rounding. The date of enactment is assumed to be April 30, 2026.