

**TAXPAYERS
PROTECTION
ALLIANCE**

March 23, 2026

The Honorable Jason Smith
Chair
House Committee on Ways and Means
U.S. House of Representatives
1139 Longworth HOB,
Washington, D.C. 20515

The Honorable Richard Neal
Ranking Member
House Committee on Ways and Means
U.S. House of Representatives
1129 Longworth House Office Building
Washington D.C. 20515

Dear Chairman Smith, Ranking Member Neal, and members of the Committee:

On behalf of the millions of taxpayers and consumers we represent, the Taxpayers Protection Alliance (TPA) urges you to support the [Survivor Justice Tax Prevention Act](#) (H.R. 2347), introduced by Reps. Lloyd Smucker (R-Penn.) and Gwen Moore (D-Wis.). This commonsense piece of legislation would ensure that legal damages awarded on account of physical sexual harm are exempt from income taxation, by narrowing the broad and vague “observable harm standard” currently enforced by the Internal Revenue Service (IRS). This legislation would not only rein in unaccountable bureaucrats but also deliver justice to the victims of terrible crimes.

Under the status quo, damages awarded in the courtroom based on personal physical injuries or physical sickness are not counted toward victims’ gross income for federal income tax purposes. While IRS substantiation is often straightforward in traditional personal injury cases, this process is considerably more difficult for sexual crimes—which often leave no trace. As the Beacon of Hope Crisis Center [notes](#), “Sexual assault often results in no physical injuries,” despite the immense costs that these crimes inflict on victims, their families, and society.

Because of this lack of physical evidence, allowing IRS bureaucrats to adopt an “observable harm standard” has led to far too much agency discretion and opens the door to inconsistent enforcement. This is the last thing that victims need when obtaining justice for horrendous offenses committed against them.

As *Forbes* senior contributor Robert W. Wood [rightly asks](#), “what has the victim received when they ‘win?’ In most cases, is it money and hopefully some form of closure of very painful events. Sadly, though, for many victims, the award of cash comes with tax worries too. Can the IRS tax this? The answer is nuanced, adding more angst to the victim’s experience. The tax rules are not black and white, and the stakes can be huge.” This uncertainty is deeply unfair and troubling to victims and must end.

Simply put, the observable harm standard—as applied to sexual offenses—gives IRS bureaucrats far too much power over the victims of terrible crimes. Like cases aren’t treated like, and survivors pay the price. The Taxpayers Protection Alliance supports this commonsense reform, which is long overdue.

Sincerely,



Ross Marchand
Executive Director

Taxpayers Protection Alliance
1101 14th Street, NW, Suite 500, Washington, D.C. 20005
(202) 930-1716
www.protectingtaxpayers.org