

103^D CONGRESS
2^D SESSION

H. R. 4846

To amend the Internal Revenue Code of 1986 to provide that the unearned income of children attributable to personal injury awards shall not be taxed at the marginal rate of the parents.

IN THE HOUSE OF REPRESENTATIVES

JULY 28, 1994

Mr. BOEHLERT 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 provide that the unearned income of children attributable to personal injury awards shall not be taxed at the marginal rate of the parents.

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. TAX TREATMENT OF UNEARNED INCOME OF**
4 **CHILDREN ATTRIBUTABLE TO PERSONAL**
5 **INJURY AWARDS.**

6 (a) IN GENERAL.—Paragraph (4) of section 1(g) of
7 the Internal Revenue Code of 1986 (relating to taxation
8 of unearned income of minor children at parent's rate) is

1 amended by redesignating subparagraph (B) as subpara-
2 graph (C) and by inserting after subparagraph (A) the
3 following new subparagraph:

4 “(B) EXCEPTION FOR UNEARNED INCOME
5 ATTRIBUTABLE TO PERSONAL INJURY
6 AWARDS.—There shall not be taken into ac-
7 count under subparagraph (A)(i) any income
8 attributable to an amount excluded from the
9 gross income of the child by reason of section
10 104(a)(2).”

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to taxable years beginning after
13 the date of the enactment of this Act.

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