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111TH CONGRESS
1ST SESSION

S. 440

To amend the Internal Revenue Code of 1986 to allow an above-the-line deduction for attorney fees and costs in connection with civil claim awards.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 13, 2009

Mr. SPECTER (for himself and Mr. LEAHY) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Internal Revenue Code of 1986 to allow an above-the-line deduction for attorney fees and costs in connection with civil claim awards.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ABOVE-THE-LINE DEDUCTION FOR ATTORNEY FEES AND COSTS IN CONNECTION WITH CIVIL CLAIM AWARDS.

(a) IN GENERAL.—Paragraph (20) of section 62(a) of the Internal Revenue Code of 1986 is amended to read as follows:

"(20) COSTS INVOLVING CIVIL CASES.—Any deduction allowable under this chapter for attorney

fees and court costs paid by, or on behalf of, the taxpayer in connection with any action involving a civil claim. The preceding sentence shall not apply to any deduction in excess of the amount includible in the taxpayer's gross income for the taxable year on account of a judgment or settlement (whether by suit or agreement and whether as lump sum or periodic payments) resulting from such claim.''.

(b) CONFORMING AMENDMENT.—Section 62 of the Internal Revenue Code of 1986 is amended by striking subsection (e).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to fees and costs paid after the date of the enactment of this Act with respect to any judgment or settlement occurring after such date.

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