

**Internal Revenue Service**

**Department of the Treasury**

Index No.: 104.00-00

Washington, DC 20224

▶ Number: **200029020**  
Release Date: 7/21/2000

Person to Contact:

Identifying Number:

Telephone Number:

Refer Reply To:

CC:DOM:IT&A:2 – PLR-119714-99

Date: April 18, 2000

Legend:

B =

X =

Dear \_\_\_\_\_ :

This is in reply to a request for a ruling dated November 5, 1999, submitted by your authorized representative as to whether § 104 of the Internal Revenue Code allows a decedent's estate ("B") to exclude a settlement of a wrongful death claim from federal income tax. You are the executor of B.

The information submitted indicates that the decedent died in the State of \_\_\_\_\_ as a result of physical injuries sustained in an automobile accident. The decedent was a passenger in the automobile, and in 1999 B received \$X from the driver's insurance company "in settlement of the wrongful death." The settlement agreement refers to decedent's "bodily and personal injuries, damage to property, and the consequences thereof." The \_\_\_\_\_ statutes provide compensatory formulas for the computation of damages.

Section 104(a)(2) provides that gross income does not include damages received (whether by suit or agreement and whether as lump sums or as periodic payments) on account of personal physical injuries or physical sickness.

The legislative history of § 104 makes it clear that damages (other than punitive damages) received on account of a claim of wrongful death are excludable from income. H. R. Conf. Rep. No. 104-737, 104<sup>th</sup> Cong., 2d Sess., 301 (1996).

The decedent died as a result of physical injuries suffered in an automobile accident, and B received \$X as compensation for the decedent's wrongful death. Accordingly, we conclude that B may exclude the full amount of the settlement from income tax.

Caveats:

A copy of this letter must be attached to any income tax return to which it is relevant. Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

This ruling is directed only to the taxpayer(s) requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

Sincerely,

Deputy Assistant Chief Counsel  
(Income Tax & Accounting)

By \_\_\_\_\_  
George Baker  
Assistant to Branch Chief, Branch 2

cc: