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Dotson v. U.S.

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Reversed by [Dotson v. U.S.](#), 5th Cir.(Tex.), June 27, 1996

876 F.Supp. 911
United States District Court,
S.D. Texas,
Galveston Division.

Elton E. DOTSON and **Alrethia Dotson**

v.

UNITED STATES of **America**.

Civ. A. No. G-94-535.

|

Feb. 15, 1995.

Synopsis

Taxpayers brought action for refund of income and social security taxes paid on settlement awarded in ERISA action. On cross-motions for summary judgment, the District Court, [Kent, J.](#), held that damages awarded under civil enforcement provision of ERISA are not “tort-like” remedy and, therefore, are not excludable from gross income.

Ordered accordingly.

West Headnotes (4)

[1] **Internal Revenue** Nature and necessity of income in general

220 Internal Revenue

220V Income Taxes

220V(D) Incomes Taxable in General

220k3110 Nature and necessity of income in general

“Gross income” includes any accession to taxpayer's wealth. 26 U.S.C.A. § 61(a).

[2] **Internal Revenue** Exemptions in general

Internal Revenue Evidence

220 Internal Revenue

220II Liability of Persons and Property in General

220k3055 Exemptions in general

220 Internal Revenue

220V Income Taxes

220V(D) Incomes Taxable in General

220k3143 Evidence

Exclusions from gross income for tax purposes are matters of legislative grace and are construed narrowly in order to maximize taxation of any accession to wealth; accordingly, any gain in wealth is prima facie includable in gross income unless narrowly construed exclusion clearly directs otherwise. 26 U.S.C.A. § 61(a).

[3] **Internal Revenue** Damages

220 Internal Revenue

220V Income Taxes

220V(D) Incomes Taxable in General

220k3124 Damages

Damages received through settlement of a lawsuit are not excludable from gross income for tax purposes unless damages were received on account of a tort-like personal injury. 26

U.S.C.A. §§ 61(a), 104(a); 26 C.F.R. 1.104-1(c).

[4] **Internal Revenue** Damages

220 Internal Revenue

220V Income Taxes

220V(D) Incomes Taxable in General

220k3124 Damages

Settlement award arising from claim under civil enforcement provision of ERISA was not “tort-like” remedy and, therefore, was not excludable from recipient's gross income for tax purposes; civil enforcement provision clearly did not allow recovery of extracontractual or punitive damages. 26 U.S.C.A. § 61(a); Employee Retirement Income Security Act of 1974, §

502(a), 29 U.S.C.A. § 1132(a).

Dotson v. U.S., 876 F.Supp. 911 (1995)

78 A.F.T.R.2d 96-5633, 63 USLW 2576, 95-1 USTC P 50,258

All Citations

876 F.Supp. 911, 78 A.F.T.R.2d 96-5633, 63 USLW 2576,
95-1 USTC P 50,258

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