

# **The Tax Relief for Victims of Crimes, Scams, and Disasters Act**

*Introduced by Senators Tammy Baldwin (D-WI), Ashley Moody (R-FL) and Peter Welch (D-VT)*

## **Background:**

The stories are all too familiar. A taxpayer, often a retiree, is targeted by a sophisticated cybercriminal who gains access to their accounts and drains hundreds of thousands of dollars painstakingly saved across their lifetime. A family's home is devastated by a storm, realizing they cannot rebuild since they could not afford insurance on their biggest asset.

Until 2018, the federal government allowed victims of crimes and unexpected, uninsurable disasters to deduct these losses from their taxes with a provision called the Casualty and Theft Loss Deduction. Today, scam victims and homeowners are on the hook for tens or hundreds of thousands of dollars in federal taxes unless their misfortunes meet a narrow set of criteria.

The growing sophistication of cybercriminal networks has proliferated scam thefts to the tune of \$10 billion in 2023, a scale outstripping the current capacity for federal and state law enforcement. Natural disasters are also on the rise during a period of increasing insurance premiums and unexpected claim denials.

## **The Solution**

The Tax Relief for Victims of Crimes, Scams, and Disasters Act restores the Casualty and Theft Loss Deduction, providing relief for taxpayers between 2018 and 2025 and reinstating the deduction for future victims. Doing so relieves scam victims of a tax burden on income they no longer have and helps families rebuild their home and future. This legislation restores foundational principles in the federal tax code that existed from 1913 to 2017. The federal government should not revictimize individuals who have already suffered devastating misfortunes.

**Organizational Support:** AARP, The Elder Justice Coalition, the National Association of Consumer Advocates, AICPA-CIMA, National Association of Enrolled Agents, National Association of Realtors, American Land Title Association, CFP Board, Investment Adviser Association, Financial Services Institute, Aspen Institute Financial Security Program, Association of Mature American Citizens, National Association of Government Defined Contribution Administrators, Operation Shamrock, SPARK Institute.