

Rose Sanders Law Firm Answers Question on Whether Injury Settlement Check Is Taxable

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Rose Sanders Law Firm, based in Houston, TX, has recently published a blog post to answer question on whether an injury settlement check is taxable. This settlement check is the compensation given to a person who was injured in a car accident or some other kind of personal injury case. The article explains that the kind of damage that was compensated will determine whether the settlement check is taxable. It is important to note that the answer is not straightforward and it is always a good idea to consult with an experienced personal injury attorney who can elucidate on the tax obligations for certain types of damages.

The mentioned blog post can be accessed at <https://www.rosesanderslaw.com/blog/2021/11/is-my-settlement-check-taxable/>.

Charles Sanders, co-founder and partner of Rose Sanders Law Firm, says, ?If you have been wondering whether the settlement check you receive is taxable, you are not alone. In fact, one of the most frequent inquiries we receive at Rose Sanders Law Firm, PLLC, is whether or not you have to pay taxes on a personal injury settlement.?

Compensation obtained as compensatory damages in a jury verdict or lawsuit for physical sickness or personal injury is not taxable by the IRS. All personal injury damages, including medical expenses, discomfort, suffering, emotional trauma, loss of companionship in some cases, and attorney?s fees, are all covered by this tax exemption. Furthermore, the state of Texas will not apply personal income taxes and doesn?t tax personal injury judgments or settlements.

Compensation for pain and suffering, mental anguish, and emotional trauma are not taxed, as long as they are due to personal injury or sickness. Therefore, unless these are deducted as medical expense, mental anguish damages due to a tractor trailer accident or Uber accident are generally not taxed. However, if the mental anguish suffered is due to the victim being defrauded in a business transaction, the related mental

agony damages can be taxed as ?other income.?

Compensation for lost earnings received as a result of a personal injury claim is also not taxable. However, in some circumstances, such compensation may be taxable. For instance, self-employment income is commonly taxed as lost business income. Also, compensation for lost wages in employment actions, such as wrongful termination, is usually taxed. However, with regards to workers? compensation, compensation received for physical harm or sickness is not taxable.

Meanwhile, with regards to lost property value, if the market value of the property is lower than its adjusted basis, capital gains tax will not have to be paid on the difference. However, if the value is higher, the excess is taxable as capital gain. This means that the adjusted tax basis for the property will have be reduced for it to reflect the reduced value.

With regards to physical injury damages, the federal government does not tax settlements from physical injuries suffered. However, there is an important exception for compensation received for medical bills and this is when these medical expenses are deducted from their taxes.

Charles Sanders says, ?There may be multiple claims brought against the defendant in some instances, only one of which is for personal injury. If that?s the case, a personal injury attorney can help to break down any settlement or verdict you earn into separate payments for each claim rather than being taxed as a whole. This reduces the possibility of the IRS re-entering and trying to tax the entire award.? More about Rose Sanders Law Firm can be gleaned by visiting their Facebook page at <https://www.facebook.com/roosesanderslaw>.

Founded in 2018, Rose Sanders Law Firm offers dependable counsel and effective legal representation for clients in Houston, particularly in the areas of personal injury, entertainment law, and family law. Those who have been injured as a result of another person?s negligence can depend on the lawyers from the firm to aggressively work on their behalf to win for them the compensation they deserve for medical bills, lost wages, and pain and suffering. Whether the case involves a vehicular accident, slip-and-fall, or medical malpractice, they will fully investigate the circumstances and devote all efforts to getting the best result possible for a specific client. Their comprehensive family law practice will work on guardianship and paternity cases, including all issues related to divorce and legal separation, such as child support and custody, annulment, spousal support, and property distribution. They urge people who want resourceful advocacy and practical solutions to contact the firm.

Those interested in learning more about the services provided by Rose Sanders Law Firm can visit their website at <https://www.roosesanderslaw.com/>, or contact them on the phone or through email. They are open

from 9:00 am to 5:00 pm, from Monday to Friday.

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For more information about Rose Sanders , contact the company here:Rose Sanders Charles Sanders(713) 221-3773Charles@rosesanderslaw.com1 Greenway PlazaSuite 100Houston, TX 77046

Rose Sanders

Due to his father's career as a surgeon, Charles learned the inner workings of the personal injury business in Texas at a young age. Driven to help others, as an adult he went on to start his law firm Rose Sanders Law Firm PLLC with his wife, Erica Rose.

Website: <https://www.rosesanderslaw.com/>

Email: Charles@rosesanderslaw.com

Phone: (713) 221-3773



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