



### Tax Treatment of Forced Sterilization Compensation Programs:

In 1964, the Eugenics Board in North Carolina was deciding whether a single mother, a Black woman, should be sterilized. She lived at the O’Berry Center, a segregated location for African Americans with disabilities. Per the Board, the woman had an IQ of 62 and exhibited both “aggressive” and promiscuous propensities. Without input from the woman, her guardian signed the sterilization form.

During the 20<sup>th</sup> century, more than 60,000 people were sterilized across 32 states. Between 1997 and 2010, unwanted sterilizations occurred on 1,600 women in prisons. Per the National Women’s Law Center, 31 states and Washington DC still allow for forced sterilization.

Beginning January 1, 2022, some states have enacted compensation for victims of forced sterilizations. California has a “Forced or Involuntary Sterilization Compensation Program” Both North Carolina and Virginia have similar programs.

Per the IRS Fact Sheet, compensation for forced sterilizations are excluded from gross income of the recipient for federal income purposes because they are payments for compensatory damages for physical injuries covered under IRC section 104(a)(2).

Source:

TTB Web Library

<https://weblibrary.thetaxbook.net/tax-industry-news/2023-04-18%20Tax%20Treatment%20of%20Forced%20Sterilization%20Compensation%20Programs>

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