

MORE EMPLOYMENT RECOVERIES TAXABLE

In *Frances G. Lagaite v. Commissioner*, T.C. Memo 2000-103, the Tax Court held that a lump sum payment an individual received from his former employer was not excludable. The employer was Air Products and Chemicals, Inc., and it provided the taxpayer with a lump sum severance offer in exchange for a general release of all claims. These claims included the kitchen sink, in particular a release under the ADEA. The taxpayer argued that he received the payment in settlement of claims for emotional distress suffered as a result of age discrimination. The court, though, found that the payment was calculated by reference to his years of service (sounds awfully like severance). The Tax Court concluded that the taxpayer had failed to prove that his employer paid any portion of the lump sum on account of personal injuries or sickness. The release, as we have almost come to expect by now, was a general release which included no tax language.