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Legion to Congress: ‘Fix the Gold Star Kiddie Tax!’

INDIANAPOLIS,( August 19, 2019)—The head of The American Legion called on Congress to address a tax that unfairly penalizes Gold Star families once lawmakers return to Washington.

“There is a real problem with this provision of the tax reform but the Senate and the House already passed different solutions to fix it,” National Commander Brett P. Reistad said of the measure. “For many Gold Star family members the tax penalty has become unbearable. In some cases the taxes on the survivor’s benefits received after a military member’s death have increased from $1,000 a year in 2018 to nearly $4,500 in 2019. It re-defines certain benefits for children as ‘unearned income,’ subjecting them to higher rates. Increasing the tax burden on these families who lost a loved one is unconscionable. “

The law, which is often referred to as the ‘kiddie tax,’ increases the marginal tax rate for some to as much as 37 percent.

“It’s outrageous to hammer these families with such an unjust tax hike. Haven’t they already sacrificed enough? How can a family plan its financial future for such things as rent, food or the basic necessities of life when the tax rate on the important benefits they received is held up in limbo? In addition to the ‘kiddie tax,’ there is a ‘widow’s tax’ that The American Legion has long opposed.” Reistad said. “The House version of the National Defense Authorization Act includes the elimination of the widow’s tax and The American Legion has called on the Senate conferees to adopt the same language and pass it as part of the budget deal as soon as they return from recess.”

With a current membership of nearly two million wartime veterans, The American Legion was founded in 1919 on the four pillars of strong national security, veterans affairs, patriotic youth programs and Americanism. Legions work for the betterment of their communities through nearly 13,000 posts worldwide. From the drafting of the original GI Bill to the creation of the Department of Veterans Affairs, The American Legion is the most influential voice for America’s veterans. The American Legion, www.legion.org, will be celebrating its centennial through Veteran Day.

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