

# CFP BOARD

June 30, 2026

The Honorable Jason Smith  
Chairman, Ways and Means Committee  
1139 Longworth House Office Building  
Washington, DC 20515

The Honorable Richie Neal  
Ranking Member, Ways and Means Committee  
1129 Longworth House Office Building  
Washington, DC 20515

**Re: H.R. 9500, “Tax Relief for Fraud Victims Act”**

Dear Chairman Smith and Ranking Member Neal:

On behalf of CFP Board, the professional body that certifies almost 110,000 CERTIFIED FINANCIAL PLANNER® professionals in the United States, I am pleased to submit this letter in support of the Ways and Means Committee marking up H.R. 9500, the “Tax Relief for Fraud Victims Act.” We note that we are also supportive of the complementary legislation, H.R. 3469, the “Tax Relief for Victims of Crimes, Scams and Disasters Act,” which would restore the broader casualty and theft loss deduction that existed before 2018, ensuring that victims of scams, theft, cybercrime, and other qualifying losses are no longer taxed on assets they no longer possess.

Since 1985, CFP Board has set the standard for competent and ethical financial planning in the United States. Today, approximately one-third of retail financial professionals are CFP® professionals who commit to CFP Board, as part of their certification, to act as a fiduciary, and therefore, to act in the best interests of the client at all times when providing financial advice. CFP® professionals help individuals, families, and small businesses navigate retirement planning, investments, taxes, estate planning, insurance, and other critical financial decisions.

Unfortunately, CFP® professionals are learning of clients who have become victims of sophisticated financial fraud. Whether the fraud involves investment scams, romance scams, business email compromise, cryptocurrency schemes, or simply misconduct, the financial consequences are often devastating. Victims frequently lose not only their savings but also the tax treatment that history recognized these extraordinary losses. The need for

reform has become urgent; according to the FBI's Internet Crime Complaint Center, Americans reported \$20.877 billion in cybercrime losses in 2025, while older Americans experienced average losses exceeding \$38,000 in reported elder fraud cases. These figures are likely understatements of the true scope of the problem, as many victims never report their losses. This is evidenced by CFP Board's latest research, "[Don't Fall for It: Guarding Against Financial Fraud](#)," which found that 1 in 4 victims of a financial scam did not contact law enforcement or stayed silent due to embarrassment or shame.

The Tax Cuts and Jobs Act of 2017 significantly narrowed the availability of theft loss deductions for individual taxpayers by limiting personal casualty and theft losses to federally declared disasters. As a result, many victims of fraud have been denied any meaningful tax relief despite suffering financial losses through criminal conduct beyond their control.

H.R. 9500 provides a thoughtful and equitable solution. Specifically, the legislation would:

- Allow the current limitation on personal theft loss deductions to expire, restoring the rules that existed prior to 2018;
- Allow victims to file for the deduction for a year after you discover that you were a victim;
- Waive the 401(k) 10% early withdrawal penalty for victim if you're under 59 ½;
- Waives the annual contribution limits so the victim can put the money back into a retirement account on the off chance you a victim is able to recover it; and
- Permit taxpayers who later discover they were the victims of theft or fraud to claim the deduction in the year the related income was recognized by filing an amended return, even if the normal statute of limitations for claiming a refund has expired.

These changes recognize the reality that sophisticated fraud is often concealed for years. Victims commonly do not discover the theft until after extensive investigations by law enforcement, bankruptcy proceedings, receiverships, or regulatory actions. Under current law, taxpayers can be permanently deprived of relief simply because the fraud was successfully hidden until the refund limitations period expires.

The legislation also advances sound tax administration. It restores consistency to the treatment of theft losses while providing a narrowly tailored remedy for circumstances in which taxpayers could not reasonably have asserted a claim earlier. Importantly, taxpayers would remain subject to the existing substantiation requirements for establishing a theft loss, helping to ensure that relief is available only for legitimate victims. To extend relief to victims of fraud who experienced losses since the prior deduction was removed, we ask that the Committee consider applying the bill retroactively to losses experienced by victims between 2021 and 2025, as proposed in H.R. 3469.

I appreciate the Committee's efforts to help individuals recover from scams that can erase decades of diligent saving and careful financial planning. While no tax deduction can fully compensate victims, restoring the availability of theft loss deductions represents an important acknowledgment that taxpayers should not bear the additional burden of paying taxes on wealth that was ultimately stolen from them. We stand ready to work with you and your colleagues to pass both of these important bills. If you have any questions or would like to discuss these issues, please contact me.

Sincerely,

A handwritten signature in black ink that reads "Erin Koeppel". The signature is written in a cursive, flowing style.

Erin Koeppel, J.D.  
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