

# Donating Time Off for Hurricane Katrina Relief

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In view of the extreme need for charitable relief in the aftermath of Hurricane Katrina, the IRS is allowing employers to adopt leave-based donation programs where employees may elect to forgo vacation, sick or personal leave in exchange for cash payments which are directly paid, by the employers, to Code Section 170(c) charitable organizations. *(To find a Code Section 170(c) charity, go to the IRS website at <http://apps.irs.gov/app/pub78>.)*

These cash payments will not constitute gross income to the electing employees if the payments are (1) made to a Code Section 170(c) charitable organization for the relief of victims of Hurricane Katrina, and (2) paid before January 1, 2007. Furthermore, the opportunity to make such an election will not result in constructive receipt of gross income or wages for employees. Electing employees may not claim a charitable contribution deduction for the value of the leave, although employers will be permitted to deduct the payments as trade or business expenses.

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