

Donating Time Off for Hurricane Katrina Relief

Donating Time Off for Hurricane Katrina Relief

Insight — 1/6/2006 12:00:00 AM

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.

Subscribe to get our Insights delivered to your inbox.

This publication is designed to provide general information on pertinent legal topics. The statements made are provided for educational purposes only. They do not constitute legal or financial advice nor do they necessarily reflect the views of Holland & Hart LLP or any of its attorneys other than the author(s). This publication is not intended to create an attorney-client relationship between you and Holland & Hart LLP. Substantive changes in the law subsequent to the date of this publication might affect the analysis or commentary. Similarly, the analysis may differ depending on the jurisdiction or circumstances. If you have specific questions as to the application of the law to your activities, you should seek the advice of your legal counsel.