

IRS**News Release**

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Treasury, IRS Announce Special Relief to Encourage Leave-Donation Programs for Victims of Hurricane Katrina

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WASHINGTON --- Department of the Treasury and Internal Revenue Service officials announced today special relief intended to support leave-based donation programs to aid victims who have suffered from the extraordinary destruction caused by Hurricane Katrina.

Under these programs, employees donate their vacation, sick or personal leave in exchange for employer cash payments made to qualified tax-exempt organizations providing relief for the victims of Hurricane Katrina.

Under Notice 2005-68, employees can forgo leave in exchange for employer cash payments made before January 1, 2007, to qualified tax-exempt organizations providing relief for Hurricane Katrina victims. Employees do not have to include the donated leave in their income. Employers will be permitted to deduct the amount of the cash payment.