IRS Extends Tax-Relief for Employees' Leave-Based Charitable Donation Payments

July 7, 2021

In Notice 2020-46, the IRS provided guidance regarding cash payments made by employers to certain charitable organizations for the relief of COVID-19 victims under employer-sponsored, leave-based donation programs (see our prior blog post about Notice 2020-46 here). Under such donation programs, an employee could elect to forgo paid vacation, sick, or personal leave in exchange for cash payments made by his or her employer to qualifying charitable organizations for the relief of COVID-19 victims, without having such amounts being included in his or her taxable gross income. Under Notice 2020-46, such cash payments had to be made before January 1, 2021; however, in Notice 2021-42, the IRS extended this relief period to include qualifying cash payments that are made after December 31, 2020 and before January 1, 2022.

Notice 2021-42 is available here.

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