

Treatment of Certain Amounts Paid to Section 170(c) Organizations Under Employer Leave-Based Donation Programs

Notice 2003-1

This notice informs taxpayers that Notice 2001-69, 2001-2 C.B. 491, will not be extended to payments made on or after January 1, 2003.

Notice 2001-69 provides interim guidance regarding the tax treatment of an employer's payment to an organization described in § 170(c) of the Internal Revenue Code, in exchange for vacation, sick, or personal leave that the employee elects to forgo ("leave-based donation payments"). Notice 2001-69 provides that, for leave-based donation payments an employer makes to a § 170(c) organization before January 1, 2003, the Service will not raise certain issues regarding the treatment of the payments as gross income or wages to employees, or the treatment of the deduction of the payments by employers.

Notice 2001-69 also requested comments on whether the regulations under § 61 should be modified to except certain leave-based donation programs from the assignment of income doctrine. The Service and Treasury Department have reviewed the comments received and determined not to amend the regulations under § 61.

EFFECT ON OTHER DOCUMENTS

Notice 2001-69 is modified and superseded.

DRAFTING INFORMATION

The principal author of this notice is Sheldon A. Iskow of the Office of the Associate Chief Counsel (Income Tax and Accounting). For further information regarding this notice, please contact Mr. Iskow at (202) 622-4920 (not a toll-free call).